FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,273 | Friday March 16 1984 | D 8523 B

European shipbuilding industry tries to resurface, Page 12

NEWS SUMMARY

GENERAL

Jordan warned on U.S. arms sale

King Hussein had made it far more difficult for the U.S. Congress to provide Jordan with sophisticated anti-aircraft missiles, President Ronald Reagan's national security adviser, Mr Robert McFarlane, said yesterday.

He was commenting on a newspaper interview in which King Hussein said the U.S. had lost credibility as a Middle East negotiator because of its support for Israel.

Mr Reagan has asked Congress to approve the sale of 1,600 shoulder-fired Stinger missiles to Jordan and 1,200 to Saudi Arabia for $277m. Page 14

Spain to pay

Spain is to pay Norway compensation for the destruction of four lorries carrying fish during protests at a recent French shelling of a Spanish trawler.

Guard for Adams

Armed soldiers were guarding the Belfast hospital bed where Gerry Adams, head of Sinn Fein, the IRA's political wing, was recovering from an assassination attempt. Page 9

'Back Irish peace'

Irish Prime Minister Garret FitzGerald urged U.S. Congress members to support the New Ireland Forum's "unique peace initiative for Northern Ireland."

Settlements slow

A slowdown in Israel's settlement drive in the Palestinian West Bank is being blamed on private construction companies. Page 4

Luns missile denial

Nato secretary-general Joseph Luns denied giving the Dutch approval to scale down the planned deployment of cruise nuclear missiles.

Lisbon clash: 6 hurt

Six people were hurt in Lisbon as riot police fought with metal workers and communist union activists marching to the state-run holding company to protest at non-payment of wages. Page 2

Fire costs $27.5m

A fire that destroyed the Ikea Swedish furniture company's main West German branch at Wallau, near Frankfurt, caused DM 70m ($27.5m) damage.

Newsprint mill burns

A newsprint mill in Ellesmere Port, North-west England, burned down yesterday and stocks worth £1m ($1.45m) were destroyed.

Tax-deductible drug

A Dutch father who pays for his addict son's heroin supply has been allowed to deduct the costs from his tax as extraordinary expenses.

Salvador killing

Assassination squads struck for the second time in 14 hours in El Salvador yesterday, killing a right-wing party official and seriously wounding his four-year-old daughter on her way to kindergarten.

Briefly...

East-West talks on conventional force cuts in Europe resume in Vienna today. Page 3

South Africa and Mozambique are to sign a non-aggression treaty today. Page 4

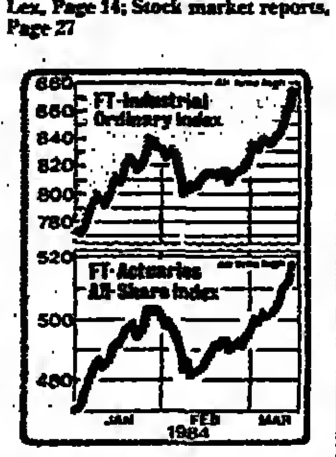
Switzerland's lower-house National Council voted by 112 to 78 to join the United Nations. Page 2

Colombia declared a state of siege in four departments. Page 5

BUSINESS

BP and Shell profits surge

BRITISH PETROLEUM reported 1983 net profits of £866m ($1.3bn) against £718m and proposed n 22 per cent final dividend increase to 17p. **Royal Dutch/Shell** raised net income 38 per cent to £2.75bn and proposed a final dividend 28 per cent up at 15.9p. **Details, Page 20; Lex, Page 14; Stock market reports, Page 27**



LONDON: FT Industrial Ordinary index added 11 to n record 875.6. Government securities eased in thin trading. Report, Page 31; FT Share Information Service, Pages 32-33

DOLLAR firmed on late demand to DM 2.5805 (DM 2.567), SwFr 2.1375 (SwFr 2.1265) and FFr 7.9675 (FFr 7.915). It was unchanged at Y224. Its Bank of England trade-weighted index was 125.8 (124.7). In New York it closed at DM 2.5805, SwFr 2.1445, FFr 8.1675 and Y224.15. Page 37

STERLING slipped to $1.483, down 40 points from Wednesday's close, and to Y329 (Y328.75) but rose to DM 3.7775 (DM 3.7675), SwFr 3.1275 (SwFr 3.1225) and FFr 11.65 (FFr 11.6075). Its Bank of England trade-weighted index was 80.8 (81.1). In New York it closed at $1.4572. Page 37

GOLD fell $4.25 to $395.25 in London. In Frankfurt and Zurich it fell $5.25 to $394.5. In New York, the Comex March settlement was $393.2 ($394.1). Page 36

WALL STREET: Dow Jones industrial average closed 1.36 up at 1,187.40. Report, Page 27. Full share listings, Pages 28-30

TOKYO: Nikkei Dow index continued its rise, closing 22.69 up at a record 10,346.95. The Stock Exchange index eased 1.71 to 817.23. Report, Page 27; leading prices, other exchanges, Page 30

U.S. INDUSTRIAL production rose 1.2 per cent last month, the same as in January. It is rising at more than double the rate in the last quarter of 1983. Page 5

FINANCIAL TIMES management expects to receive by the end of the month the results of a feasibility study on printing the newspaper in the U.S. Page 8

DEAN WITTER REYNOLDS, U.S. brokerage firm, hired nine staff from Merrill Lynch to build a strong presence in the Euromarkets. Three more key staff are leaving Credit Suisse First Boston for E. F. Hutton, another U.S. broker. Page 38

SUBSIDIES for four West German steel companies were authorised by the European Commission. Page 14

CHINA will channel more of its Hong Kong investment into industry to reduce unemployment and stabilise the economy, a Chinese Government official said. GEC N-plant bid, Page 6; trade with West, Page 4

PROPOSED JAPANESE law to protect computer software, under fire from the U.S., is unlikely to be passed this year because of bureaucratic disagreement, said Nippon Telegraph and Telephone president Hisashi Shinto. Page 6

UK pours police into coalfields after miners clash

BY JOHN LLOYD AND PETER RIDDELL IN LONDON AND DAVID BRINDLE IN NOTTINGHAMSHIRE

THE UK Government has deployed a huge police presence in one of its biggest coalfields in Nottinghamshire in an effort to guarantee that mineworkers there have the right to vote on strike action today.

The move follows scenes of near anarchy in Britain's coalfields on Wednesday evening. Pickets were involved in violent clashes with *miners who were resisting pressure* to force them to strike in protest at government plans for pit closures and job reductions.

During one of these clashes, near Ollerton Colliery, in Nottinghamshire, a 24-year-old Yorkshire mineworker died of chest injuries.

The National Coal Board (NCB) said last night that only 20 pits throughout Britain were working normally.

Last night Nottinghamshire miners leaders called their members out on strike if only temporarily after renewed picketing and clashes. Asked if the pickets had won, Mr Henry Richardson, miners' secretary, said: "I suppose they have. But when death occurs, we have to think *again*."

The National Union of Mineworkers (NUM) leadership's attempt to enforce a national mining stoppage, area by area, is now threatened by the area ballots, which appear to be running strongly against strike action.

Early ballot results show votes of 3 to 1 against a strike. In Yorkshire, however, miners' leaders decided to defy a High Court injunction *against them to halt secondary* picketing in Nottinghamshire or elsewhere.

Mr Leon Brittan, the Home Secretary, told the House of Commons yesterday that Sir Lawrence Byford, the Chief Inspector of Constabulary, would liaise with the po*lice forces in Nottinghamshire and* report personally to Mr Brittan.

Mrs Margaret Thatcher, the Prime Minister, is understood to be angered by police failure to prevent disturbances at collieries. She is believed to have banged the table while making critical remarks about some chief constables during a meeting with Tory MPs.

Mr Brittan said: "The law permits picketing for the purpose of peace*fully communicating* and persuading. What it does not permit is what some of the Nottinghamshire mineworkers, who have been the victims of disgraceful conduct, have called mob rule. And what is so horrifying is that it is mob rule that is being inflicted by miner upon fellow miner."

Mr Ian MacGregor, the coal board chairman, described the death of the miner as "tragic," but added that, nevertheless, "the pickets have still not been withdrawn."

Mr Arthur Scargill, the NUM president, appealed to his members to behave responsibly. He said: "I want to see all my members behave responsibly and I want to see this union in total unity to keep pits open, keeping our jobs secure and directing all their wrath and attention towards the real enemy, which is the National Coal Board and the Government."

More than 3,000 officers from 17 forces – as far away as the City of London – are now on hand in the Nottinghamshire coalfield, the indications are that they are prepared for a long stay – certainly until next week, when picketing might be stepped up once more after the result of the area ballots are known.

Mr Brittan said that the police had extensive powers to stop coaches, cars and people on foot

AGREEMENT ON COMPATIBLE STANDARDS TO CHALLENGE IBM

Europe's computer groups forge pact

BY GUY DE JONQUIERES IN LONDON

TWELVE LEADING European-owned computer and communications companies have agreed to start putting into effect international standards designed to enable their products to be connected with each other.

The agreement is intended to create a more open European market for electronic information processing systems and to challenge the dominance of IBM of the U.S., the world's largest computer manufacturer.

The 12 companies have agreed to start designing their equipment to meet existing and planned international standards from next year. They are also pressing EEC authorities to adopt the standards for future public procurement.

All 12 companies subscribing are also involved in Esprit, the EEC-backed research programme intended to aid the development of advanced electronic technology and enable European industry to compete more effectively with the U.S. and Japan.

The companies are: GEC, ICL and Plessey of Britain; AEG, Nixdorf and Siemens of West Germany; Bull, Thomson and Compagnie Generale d'Electricite of France; Olivetti and Stet of Italy; and Philips of the Netherlands.

A number of common international standards exist but most manufacturers have been slow to apply them. As n result it remains difficult for users to get products made by different suppliers to work together, as they increasingly need to do for purposes such as office automation systems.

The U.S. Government has tightened its controls on international sales by Digital Equipment, the country's second largest computer manufacturer. The Commerce Department is checking all orders from outside the U.S., the company says. Page 14

The agreement parallels recent discussions between European telecommunications authorities (PTTs) on proposals to align more closely their national standards and procedures for approving subscriber equipment and terminals.

Advocates of common standards argue that they will stimulate the overall market for computer and communications products and reduce equipment prices.

Many European manufacturers hope to be able to compete more effectively with IBM, which accounts for about 40 per cent of the European computer market. IBM is widely considered to set the de facto standard for many products. Its rivals claim that this gives it an unfair competitive advantage.

How quickly the 12 manufacturers will move to implement their agreement remains uncertain and may depend on the support they receive from their national authorities.

● Sales of IBM's UK subsidiary rose 35 per cent last year to £1.7bn ($2.5bn) from £1.2bn. Pre-tax profit increased 13 per cent to £255m and net profit after tax rose 41 per cent to £147m.

The rapid growth widens further the gap between IBM UK and ICL, the largest British-owned computer manufacturer. ICL reported pre-tax profits of £45.6m on sales of £846.5m for the year to September 30.

Paul Taylor writes from New York: IBM said yesterday that its entry level systems division, which makes the highly successful IBM PC, will spend about $500m this year on new plant and equipment.

Mr Don Estridge, the division's president, also hinted that IBM would announce its long-awaited office networking system this year and that it plans to increase shipments of the PC to more than double between now and the end of this year.

Mr Estridge said the $500m investment would be split equally between physical plant, new systems and new product plants, and equipment and machinery.

He said IBM shipped more PCs in the last two months of 1983 than in the whole of 1981 when the system was introduced, and 1982 combined. The division is now shipping one PC every 16 seconds, a rate IBM intends to increase to one every seven seconds by the end of this year.

Government curb on Digital Equipment, Page 14

Belgium unveils three-year austerity plan

BY PAUL CHEESERIGHT IN BRUSSELS

BELGIUM'S centre-right coalition Government yesterday launched a three-year austerity programme designed to reduce the public-sector deficit from BFr 506bn ($9.53bn) to BFr 300bn.

The first two years of the programme, announced in Parliament by Mr Wilfried Martens, the Christian Democrat Prime Minister, would see:

● A break in wage indexation so that private and public-sector employees will lose 2 per cent of annual wage rises while Cabinet Ministers take a 10 per cent pay cut;

● A break in the indexation of social security benefits before reform of the whole system, starting in 1985; after two years out of work, unemployed persons would revert to the minimum benefit;

● A 3.5 per cent cut from its 1984 level in the total bill for salaries in the public sector;

● Teachers encouraged to take early retirement; an end to free school transport;

● Discussions with employers and unions on a maximum 38-hour working week;

● Tax concessions for companies modernising or converting plant;

● Unusually high company profits to be invested in Belgium or made available without interest to the Treasury.

The programme includes measures to increase employment through more part-time working and work sharing and to foster the modernisation of industry.

A key objective is to help Belgian companies to maintain the improvement in their *competitive position* that has been achieved over the past two years.

The measures are in effect a political agreement between the Christian Democrats and the Liberals, intended to endure beyond the next general election, planned for the end of next year.

The agreement was worked out by senior ministers in secret negotiating sessions spread over the last 15 days and ratified by a meeting of the full Cabinet early yesterday.

It contains an implied truce between the coalition partners on matters of communal rivalry between Dutch-speaking Flanders and French-speaking Wallonia, an habitual cause of instability in Belgian politics.

If the Government succeeds in cutting its annual deficit by the planned amount, it will reduce the financing cost from 18.2 per cent of gross national product in 1981, the peak year of deficit financing, to 7 per cent, roughly the European average.

The Government's ability to impose its programme, which will affect all but the poorest, depends at least initially on the acquiescence of the unions.

Although Socialist union opposition is taken for granted in government circles, the coalition hopes that can be isolated by winning the support of the Christian Democrat unions, which have close ties with some Cabinet ministers.

The first test of public opinion will be in the June elections for the European Parliament.

Market monitors, Page 27

Foreign executives in UK plan tax campaign

By Charles Batchelor in London

FOREIGN businessmen working in the UK are to campaign against proposals in the British budget which would reduce the favourable tax régime they enjoy.

American, Japanese, West German and Dutch business organisations intend to lobby the UK Government in an action similar to the one which won considerable concessions from the Labour government which planned to reduce tax advantages in 1974.

Mr Nigel Lawson, the Chancellor of the Exchequer, plans to abolish the 50 per cent tax relief available on the earnings of foreign executives employed by overseas companies in the UK.

The move, announced on Tuesday, could damage London as an international financial centre, force foreign banks and financial service companies to station highly-paid executives elsewhere and persuade specialised American oil technicians to pull out of North Sea exploration, foreign businessmen said.

Mr Harry Cressman, director general of the American Chamber of Commerce, said: "We view this with considerable alarm. It adds an enormous amount of money to a company's costs in Britain. We will certainly be making a lot of noise just as we did in 1974.

"We will study the fine print of the Finance Bill first but then we will take it up with the Treasury and Members of Parliament. We will be very strongly joined by the Japanese, Germans and Dutch."

One U.S. company, which compensates its employees for any tax disadvantage they suffer in working in the UK, said the change would cost it £6m ($8.8m) a year.

Mr Peter Milward, adviser to the Japanese Chamber of Commerce and Industry, said: "Our auditors are keen we do something to see if we can influence Mr Lawson in the same way we influenced (the then Chancellor) Mr Denis Healey in 1974. The other chambers would be equally involved. I am fairly sure the chamber will want to take some action."

The Netherlands British Chamber of Commerce said that the Dutch embassy would be lobbying. The embassy is going through the budget in detail to see how it affects Dutch business interests, the chamber said.

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After the budget, Page 13

Italy to float 20% of Saipem in Milan

BY ALAN FRIEDMAN IN MILAN

ITALY is to sell part of one of its principal state energy subsidiaries to the private sector through a L120bn ($75m) share offering nn the Milan bourse.

The share issue will be for 20 per cent of Saipem, the oil and gas pipe-laying and drilling company, which is part of the ENI energy group.

When the offer is made in Milan, probably in June, the Saipem exercise will represent the largest new issue ever brought to the bourse. The issue is being lead-managed jointly by Euromobiliare, the Milan-based investment banking company, and by Sofit, ENI's financial arm. It is expected to be underwritten by about 20 banks and financial institutions, including Banca Commerciale Italiana, Banco die Roma and Credito Italiano.

The Saipem share issue, although not couched in such terms, forms part of a gradual programme of introducing private capital into various state-held concerns. Prof Romano Prodi, president of the IRI state holding group, has already spoken of hiving off as many as 30 IRI companies *with a stock market quotation*.

Saipem, which has activities from the North Sea to Nigeria, is n profitable company and is expected to announce a 1983 net profit of L35bn, up from L24.5bn in 1982. Its 1983 sales revenue was L1,066bn, up from L984bn.

On a consolidated basis, Saipem's total net earnings for 1983 might reach as much as L50bn, and that figure will be taken into account when Euromobiliare calculates the pricing of the shares.

Saipem's order book includes about L2,200bn of contracts, equal to roughly two years of revenues. The company employs 12,000 people, half of them part-time contract labourers overseas.

Raising new capital is a matter of some urgency for Italian state holding companies, which last year registered heavy losses. ENI last year reduced its overall deficit slightly, from L1,700bn to L1,600bn, largely through a reduction of industrial losses.

ENI said recently that it expected to swing into an operating profit of L619bn in 1986 and said its cash flow was improving steadily. The *group is nevertheless asking the* Government for a capital injection of L4,700bn for the 1984-86 period.

Record bond for Texaco

By Mary Ann Sieghart in London

TEXACO, the third largest U.S. nil company, yesterday launched the biggest convertible bond ever in world capital markets. The company is raising $800m to help restructure its debt after its $10.1bn takeover of Getty Oil.

The bonds can be exchanged for Texaco shares at a fixed price of $50 per share at any time in the next ten years. Yesterday the shares were standing at $38⅞.

Bondholders will receive interest of between 11¼ per cent and 11¾ per cent a year. Without the conversion option Texaco would have had to pay at least 1 percentage point more a year, raising the cost by $80m over the bond's life.

The sale has been organised by the global co-ordinating bank, Credit Suisse First Boston, with assistance from two U.S. investment banks, Goldman Sachs and Morgan Stanley.

The banks will distribute the

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U.S. tax threat to Eurodollar market, Page 14; Capital markets, Page 38

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EUROPEAN NEWS

Sweden's recovery strategy praised by OECD

External competitiveness 'stronger than at any time since early 1970s'

THE RECOVERY strategy adopted by Sweden's Social Democratic Government has provided the country with "a major opportunity for improving economic performance," according to the latest report published by the Organisation for Economic Co-operation and Development (OECD), writes Kevin Done, Nordic Correspondent, in Stockholm.

"Opportunities for correcting the large imbalances that have built up over the last decade have never been better," says the report, which claims that Sweden's external competitiveness is now stronger than at any time since the early 1970s.

The OECD lends its support to Sweden's controversial 16 per cent devaluation, which was pushed through as the key element in the recovery strategy when the Social Democrats returned to power in October, 1982.

The devaluation was attacked for being excessive by some of Sweden's main trading partners and also came under fire from the International Monetary Fund (IMF).

The OECD report claims that "the initial phase of the strategy has been rather successful."

The inflationary consequences of the devaluation have been kept under control partly through supporting measures from the Government, but also importantly because of wage earners being prepared to accept lower real incomes.

The OECD report could significantly strengthen the position of the Finance Ministry, in the so-called "War of the Roses," the struggle within the Social Democratic Party over economic policy, where the left-wing is pushing for more expansionary measures, chiefly to reduce unemployment (a red rose is the official emblem of the Social Democrats.)

Violence as police halt Lisbon demonstration

BY DIANA SMITH IN LISBON

SIX PEOPLE have been injured in Lisbon in violent clashes between metal workers and riot police.

Fighting erupted when the police broke up an unauthorised march by metal workers and communist union activists to the state-run holding company to protest against non-payment of wages.

Non-payment of wages and benefits such as holiday pay, Christmas bonuses and meal subsidies has become so widespread in hard-pressed public and private companies that official figures show that nearly 93,000 workers are owed Esc 21.6bn ($162m) by 600 companies.

Many companies heavily indebted to their employees – Europe's lowest-paid labour force, which faced 23 per cent inflation last year and a 9 per cent drop in buying power – are candidates for bankruptcy.

But fearing unemployment more than underpaid employment, workers forfeiting their wages have helped to prolong the tenuous lives of under-capitalised firms with skimpy order books, coasting on bank loans.

Swedish arms budget

BY DAVID BROWN IN STOCKHOLM

SWEDEN'S RULING Social Democrats and the opposition parties have agreed on a SKr 2.2bn ($287m) plan to compensate the military for the higher cost of foreign, mainly dollar-denominated contracts, over the next three years.

The final sum is less than half of what the military had asked, but it will let the defence forces retain three fighter divisions threatened by budget cuts, order arms and equipment for the remaining air wings, strengthen anti-submarine defences and contract early for two fast-attack vessels.

The negotiations were troubled by disagreements over how to finance the supplementary package – the final plan will raise funds through a petrol tax and other means – in which the opposition parties called for greater cuts in existing social spending programmes.

Hungary raises prices

BY LESLIE COLITT IN BERLIN

HUNGARY has carried out a second round of price rises this year in an effort to reduce state price support subsidies.

Milk and cocoa went up 12 per cent, while 70 per cent of confectionery products rose 9 per cent, cosmetics by 20 per cent and paints by 7 per cent.

In January, meat prices rose 21 per cent, home heating oil 20 per cent, beer 15 per cent, cement and bricks by up to 30 per cent and cars 6 to 7 per cent.

Pensioners and large families were given some compensation, but the price rises led to an annual increase in living costs of 2.8 per cent.

Swiss inch closer to membership of UN

By John Wicks in Zurich

NEUTRAL Switzerland has taken a further halting step towards joining the United Nations.

The National Council, lower house of Parliament, yesterday came out in favour of membership by 112 to 78 votes, on condition that the last word should remain with the people by way of referendum and that the continued neutrality of Switzerland is guaranteed.

In December, 1981, the Government recommended that Switzerland should join the UN. Primarily because it jealously guards its neutrality, Switzerland has remained one of the world's few non-members, though it works closely with most U Norganisations.

The four parties represented in the Government ended up on different sides in the lower house vote. While almost all Social and Christian Democrats (together with non-cabinet left-wing parties and the independents) approved yesterday's motion, it was opposed by the Swiss People's Party and a majority of the Radical Democrats, both of them Government parties. Other opponents included the small Liberal, Protestant People's and Nationale Aktion parties.

The question now goes before the upper house, where it will probably be discussed in the summer session. The more right-wing composition of this chamber will probably mean relatively more opposition to UN membership.

A referendum can only be called after this States Council vote and is hardly likely this year. There is also no certainty as to how it will turn out. Recent public-opinion polls point towards a "no" majority among the electorate.

Among politicians, supporters continue to claim that the Swiss voice risks being unheard unless the country does join the UN. Their contention that Swiss neutrality could be maintained as a UN member is disputed by opponents, who also question the basic thrust of UN policy.

Mr Pierre Aubert, the Foreign Minister, told Parliament yesterday that the people must be given the opportunity to reach a decision on the matter.

Kohl speech reflects hopes for improved German relations

BY JAMES BUCHAN IN BONN

CHANCELLOR Helmut Kohl told the West German Parliament yesterday that the two German states [illegible] a partnership of responsibility for peace and security in Europe.

By using words already heard from Herr Erich Honecker, the East German President, the Chancellor did much to reflect the intense expectations of an improvement in German relations that have built up in the past weeks.

In his report to the Bundestag on the "State of the Nation in Divided Germany," Herr Kohl had some harsh words for human rights practices in East Germany. But he also noted a number of improvements in relations despite the chilly East-West climate since the deployment of Nato nuclear missiles.

German "relations have remained stable even in the light of the political decisions of the last months," Herr Kohl said in language unusually sober given the traditional phrase-making of the occasion.

Recent weeks have seen little short of a scramble by West German politicians to travel to the East, and one deputy yesterday criticised "the pilgrimages" of Conservative politicians to Herr Honecker at this week's Leipzig Fair.

Herr Hans-Jochen Vogel, the opposition Social Democrat leader, yesterday made fun of the "Pauline conversion" of Herr Franz-Josef Strauss, the Bavarian Conservative leader.

Herr Honecker is expected to visit the Federal Republic later this year. Expectations are also being fed by a host of signals out of East Berlin, some of them contradictory. The East German authorities [illegible] building workers were seen erecting a new section of the wall that surrounds West Berlin.

Party meets for first time since Solidarity heyday

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH Communist Party's three-day delegate conference, which opens this morning in Warsaw, is quite unprecedented—at least in theory.

It is the first time that the delegates to the heady ninth congress in July, 1981, will have gathered to assess where the party leadership has been taking them.

Some of the old faces will be missing. In 1981—the heyday of Solidarity union activity—there were 1,963 delegates. Today there are more than 80 less. Fifteen have died, and among the 67 expelled since and those with party penalties barring them from the conference will be some of the most liberal of the original delegates. So, too, will Mr Tadeusz Grabski, the hero of the hardliners and now Polish Trade Counsellor in East Berlin.

The party leadership has ensured tight control to guard against any surprises. The 49 set speeches scheduled in the open session have been selected by [illegible] General Wojciech Jaruzelski, the country's leader, [illegible]

If anything the mood of most delegates will be rather more conservative than the policies of the present leadership. Indeed, in the past few weeks the Government has taken a number of repressive actions against intellectuals to defuse criticism on this front.

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Italy's Communists put their backs into pushing out Craxi

BY JAMES BUXTON IN ROME

"I GET the impression that if I told people to have themselves vacinated against smallpox, the Communists would tell them not to," Sig Bettino Craxi, Italy's Socialist Prime Minister, complained on television a few night ago.

Sig Craxi is locked in a trial of strength with the Communists. He says he is upholding the right of governments to govern. The Communists are defending the unwritten rule that Italian governments can do nothing of importance without their acquiescence, even though—with 30 per cent of the vote—they are permanently in opposition.

At issue is last month's decree cutting compensation for inflation under the *scala mobile* wage indexation system this year by three points, as well as limiting certain price rises. The five-party coalition government resorted to this action, unprecedented on so emotional an issue as the *scala mobile*, when it failed to persuade one of the three unions to make a voluntary agreement to cut indexation.

That union is the CGIL, the largest and with a Communist majority. The union had its own reasons for not wishing to agree to a cut, but hardly anyone believes that it was not put under strong pressure from the Communist Party to block a deal at all costs.

Unbearable sight

The Communists have long had a love-hate relationship with the Socialists. Official Communist policy is to create an alliance of the Left, including the Socialists, to sweep the long-ruling Christian Democrats out of power.

So the sight of Sig Craxi, having rejected the Communist invitation, leading a government including the Christian Democrats and trying to carry out a relatively conservative programme is unbearable for Sig Enrico Berlinguer, the Communist leader. He declared unremitting opposition to Sig Craxi's government from the outset.

That has now become all-out war, aimed at nothing less than the fall of Sig Craxi. The Communists are using every obstructive tactic they can to prevent Parliament giving the decree the necessary approval before it expires in mid-April, and are seriously delaying other important parts of official economic policy. The CGIL has staged strikes and demonstrations all over the country and the climax is to be a vast, "spontaneous" demonstration in Rome next Saturday.

In theory, Sig Craxi is in a strong position. His coalition partners can hardly desert him when he is under pressure over an issue which is in their own programmes, and if, as seems likely, the decree fails to be approved in time and the Government immediately re-presents it.

Firm Government

Sig Craxi is enjoying the sensation of applying the smack of firm government and has declared that his administration will not be shaken—as so many of his predecessors have been—by mass rallies.

Yet things in Italy are almost never clear cut. An unprecedented rift between the two big parties of the Left would ultimately leave the Socialists with little room for manoeuvre. The employers do not want a permanent split in the union movement, for which the Communists seem to be pressing, unless it leaves the CGIL much weakened, nor do they like strikes.

Confrontation is often to most Italian politicians and there have already been suggestions of alternatives to the decree from Christian Democrats and Republicans in the coalition.

But Sig Craxi could hardly back down unless he obtained much of what he originally wanted from the decree, and he is being pressed not to yield by the two unions favourable to his policy—otherwise they too will look stupid for having backed him so far.

The Communists also have *something to lose*, because the policy that they are pursuing can only appeal to the hard core of their supporters. The basic problem, however, is that being permanently excluded from power, and likely to remain so, they have no incentive to be an accommodating opposition, least of all on an issue like the *scala mobile*, which it has always been said is the price the party exacts for being kept out.

Doubts over role of French Communists

By David Housego in Paris

RENEWED SNIPING by the French Communist Party against the Government's policies has again raised queries over how long it will remain in the coalition.

Ministers admit embarrassment over this week's attack by the Communists on the cuts in French milk production agreed at Brussels as the first step towards an EEC reform package.

M Marcel Rigout, the Communist Minister for Technical Training, made clear the party's opposition at Wednesday's cabinet meeting. His views were more stridently expressed in a front-page headline in the Communist daily, L'Humanite, describing the milk cuts as "unacceptable."

The rift on this explosive issue is embarrassing because the Communist criticism is much the same as that expressed by M Jacques Chirac, leader of the neo-Gaullist RPR, who said that French farmers' interests are being sacrificed.

On the same day, L'Humanite carried another headline implying that the Government would fall well short of its target this year of reducing the year-on-year rise in price increases to 5 per cent. "Already 1.4 per cent in two months," the newspaper declared.

Both President Francois Mitterrand and M Pierre Mauroy, the Prime Minister, have recently warned the Communists that they are treading on dangerous ground.

M Mauroy told the Communists at the weekend that there was a threshold beyond which criticism was not tolerable. M Georges Marchais, the Communist leader replied that there was also a threshold which should not be crossed in terms of abandoning the Left's electoral promises.

The Communists are at odds with the Government both over its anti-inflationary policies and over job losses in the steel, coal and shipyard industries. The Communist-led CGT union has been to the fore in leading strike action in the public service as well as industry.

Bridget Bloom reports on the first arms control meeting between the superpowers this year

Hopes of a thaw as troop talks reopen

DELEGATES from 19 Western and Warsaw Pact nations gather in Vienna's Hofburg palace this morning to resume negotiations on reducing troop numbers in Europe. It will be the first time the Soviet Union and the United States have met to discuss arms control measures since Moscow walked out of the Euromissile talks last November.

That *walk-out*, provoked by Nato's deployment of new U.S. cruise and Pershing missiles in Europe, plunged already chilly East-West relations into a deep freeze as the Soviet Union subsequently refused to name a date for the resumption of the strategic missile talks (Start) as well as *for* those now re-opening in Vienna.

So is today's gathering the harbinger of a spring thaw in relations between the two major alliances? Western governments see the meeting as symbolically important, an acknowledgment by Moscow that some normalisation is desirable. But few believe that the Mutual and Balanced Force Reduction (MBFR) talks hold hope of progress on actual arms control.

Western arms officials see no prospect, for example, of an early resumption of the intermediate nuclear force (INF) talks on limiting Euromissiles. Despite the marginally less strident rhetoric coming from Moscow since President Konstantin Chernenko became leader, Nato governments see no sign that the Soviet Union is yet ready to return to these more important negotiations.

Mr Chernenko continues adamantly to insist, as did his predecessor, Yuri Andropov, that the initial deployments of the new cruise and Pershing nuclear missiles in Britain, West Germany and Italy must be cancelled *before* any talks can be resumed on INF.

Start outlook

There is perhaps marginally more hope for a resumption of the Start talks, if only because Moscow is perceived as having *a greater interest in trying to* limit current U.S. plans to strengthen its strategic nuclear forces by the introduction, for example, of the MX missile.

But it is widely doubted whether the time is politically ripe for either side to resume negotiations, as the Chernenko *leadership finds its feet in Moscow* and the U.S. politicians pick their way through potential election minefields.

The MBFR itself is everyone's least favourite arms control forum. The negotiations, between 12 Nato and seven Warsaw Pact states, have dragged on since 1973, bogged down by opposing views as to what they can and should achieve. Nato has seen MBFR as a means of negotiating away the post-war legacy of the Soviet bloc's superior numbers of conventional forces in Europe, but two basic issues have stymied the talks for the past decade.

The two sides have failed to agree on whether it is necessary to establish the numbers of troops each has in central Europe before reductions begin—the so-called "data problem"—and they have *failed* to agree on the nature and strength of the measures which should be taken to verify any reductions that are made.

Currently, Nato itself is divided on whether it can put forward proposals which might help to break this deadlock.

The two alliances have an agreed starting point. The aim is to reduce ground troops to 700,000 each, plus 200,000 each for air force personnel. The countries from which the troops would be withdrawn are for Nato, the Benelux states and West Germany, and for the Warsaw Pact, East Germany Poland and Czechoslovakia.

However Nato has so far maintained that the Pact has some 160,000 more troops in those countries than it has declared, and has insisted that overall totals must be agreed before any reductions begin.

The Warsaw Pact rejects this position, though in proposals last June it did move some way towards the West's stand on verification of actual reductions with the acceptance in principle that inspectors could be stationed at exit and entry points to monitor withdrawals.

This movement on the Soviet side, together with a desire to improve the general climate for arms control, prompted the West German government earlier this year to suggest that Nato might make some equivalent move to ease the deadlock on data.

New proposals

Last month, apparently following considerable argument within the U.S. Administration, President Reagan formally approved new U.S. proposals which would go some way towards meeting West German concerns.

Instead of counting individual soldiers and airmen, a very difficult exercise, the U.S. is now believed to be ready to count combat units such as divisions and brigades which are said to be more readily verifiable.

This proposal—if accepted by the U.S.'s Nato allies—would be a "sweetener" to Moscow, a device to help it save face on the data issue and get the negotiations moving again. Its proponents say it would have to be accompanied by tough enough verification to ensure that ultimate parity in troop strengths between the two sides was reached.

According to U.S. officials, Britain has led objections to the proposal and other variants of it on the grounds that it would weaken Nato's demands both for parity and verification. The Foreign Office refers only to natural differences of view while a common position is sought among allies.

There can be little doubt however that Britain is opposed to changes in Nato's negotiating stance—particularly in the requirement that troop numbers be agreed before reductions start—because it fears that such a move would freeze the disparity in strengths between the two alliances.

Officials also see little value in the withdrawal of Soviet troops by only a few hundred miles, while U.S. forces would be moving several thousand miles away.

Despite the efforts of the last few weeks, Nato has not yet reached a common position on *the need for, let alone the* nature of, new proposals. Certainly, none are expected today.

The British view is that the West might agree to put forward some new ideas later this year, though Bonn and Washington seem to want an initiative sooner than that. No-one, however, holds out hope that, if and when it comes, the initiative would really get the MBFR rolling again.

'Try harder next term' is the message from Stockholm

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

"IT TAKES two to tango," said one senior Western diplomat attending the European Security conference. "You can pirouette by yourself for a while, but that cannot go on for ever."

It is still too early to tell when Nato and the Warsaw Pact—escorted by the neutral and non-aligned states—will be ready to take to the floor together, but some delegates feel that at least a basis for negotiations is slowly emerging.

"We may not have achieved an authentic dialogue, but we are talking," maintains ambassador James Goodby, head of the U.S. delegation.

The conference—officially titled the *Conference on Confidence and Security Building Measures and Disarmament in Europe*—is the latest tentative step along the path started by the Conference on Security and Co-operation in Europe (CSCE), which opened in Helsinki in 1973.

Once the drama of the first week's meeting in Stockholm between Mr George Shultz, the U.S. Secretary of State and Mr Andrei Gromyko, the Soviet Foreign Minister had abated, the West moved quickly to introduce its six-point package aimed at trying to reduce the risk of surprise attack or miscalculation in Europe created by troops moving out of barracks on unexpected manoeuvres.

In the nine weeks since they have plugged away at explaining these measures, a process which Mr Oleg Grinevsky, head of the Soviet delegation, claimed at one point was "pushing into a boggy quagmire of endless discussions on insignificant technical measures."

The 16 Nato members have solidly resisted Warsaw Pact attempts to make Stockholm a forum for discussing much wider political measures, such as treaties on the non-use of force, the non-first use of nuclear weapons, ceiling on military expenditures or bans on chemical weapons. Western delegates argue that Stockholm is not the appropriate forum for this discussion.

The East bloc disagrees. "We cannot share an approach that says that the main danger comes from land-based conventional forces," says Ambassador Konarski, head of Poland's delegation. "To separate nuclear and conventional forces is month by month becoming more difficult. We say the Nato concept is too narrow."

The U.S. has come in for strong polemical attacks from Warsaw Pact delegates. At one point Mr Igor Andropov, son of the late Soviet leader, accused the U.S. of preparing to launch a nuclear war.

Informal diplomatic contracts at the conference have been established on a much more friendly basis, however. Behind the rhetoric, a number of East bloc delegates have indicated their countries' willingness to consider expanding the modest confidence building measures already contained in the Helsinki Final Act. It is here that the West believes that progress might possibly be made.

Official proposals have now been tabled by the 16 Nato countries, by Romania, and by a bloc of eight of the neutral and non-aligned countries. The West is anxious not to pressure the Soviet Union into tabling unrealistic early proposals from which it would later find difficulty in retreating.

For the moment, it is felt that the Soviet Union is still suffering from the hangover caused by the break-down of the Geneva nuclear missile talks, and until a forum is found again for nuclear weapons discussions this issue could continue to cloud the Stockholm talks.

In a speech this week to the conference, Ambassador Michael Edes, head of the UK delegation, still felt able to see a "reasonably healthy balance" to the first session. "Our school report may not be alpha plus. But it is, I think, a respectable beta. The lesson for next term is perhaps to try harder."

OVERSEAS NEWS

Second year test for Hawke: matching substance to style

BY MICHAEL THOMPSON-NOEL IN SYDNEY

A YEAR after his landmark general election win last March, Mr Bob Hawke, Australia's irrepressible Prime Minister, still reigns supreme Dowo Under. Moreover, he is still exhibiting the glossiness and virility of the Australian sporting heroes whose feats he monitors so closely.

The opposition coalition partners, the Liberals uoder Mr Andrew Peacock, and the Nationals under Mr Ian Sinclair, have been suffering a "charisma crisis" as a result.

Recently there have been signs that Mr Peacock is at last keeping hia head down and learning how to score runs: but no sooner does he edge one tentatively past silly mid-on than Mr Hawke arranges his fielders, violently shifts the sight-screen, and thunders down a yorker.

Mr Hawke claims that his government has done more "to give effect to basic Labor principles, policy and platform than any previous Labor Goveroment in a comparable period."

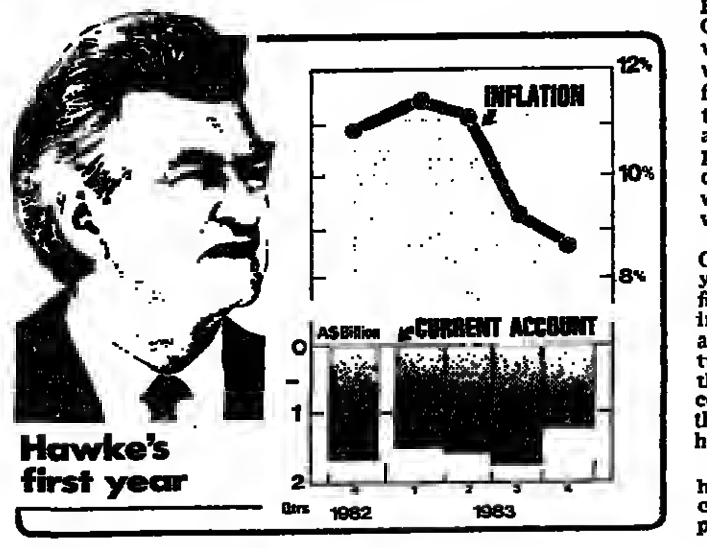
The "excesses of negative and destructive conflict which had characterised Australian life in the past" hsve been soothed away, he says.

The chief challenge facing the Hawke Government last March was the economy. Between April 1983 and January 1984, seasonally adjusted unemployment fell from 10.3 per cent to 9.5 per cent. Inflation has fallen from over 11 per cent to 8.6 per cent, while the first half of 1983-84 saw a significant improvement in the balaoce of payments surplus, from A$2.2bn to A$3.1bn (£2bn).

In addition, says Mr Hawke: "A centralised wage-fixing system is now firmly in place throughout Australis; legislation establishing the Prices Surveillance Authority has been passed; taxation arrangements bave been changed; the equity aod efficiency of the taxation system is being discussed, and msjor job creation programmes have been introduced."

Most commentstors caution, however, that Australis's inflation rate remains markedly out of line with that of most other industrialised nations. Hill Ssmuel, Australia, ssid recently that due to the relurn to full wage indexation, a 4.1 per cent national wage increase was likely to flow into the system covering the six-months period to December 1983, and thst there ahould be "no complaceocy ss regsrds the slightly longer-term economic outlook."

Because of the recession, the number of working days lost through industrial disputes has sunk to a 15-year low however, an improvement that has been noted by Australia's major trading partners in Asia.



Hawke's first year

The pay and prices pact between the Australian Labor Party (ALP) and the Australian Council of Trade Unions, which was Mr Hawke's key election weapon last March, has held firm so far. But there is concern that as the economy recovers, aod profits improve, the unions' penchant for large wage demands with which to underwrite the sybaritic Australian way of life will reassert itself.

In other areas, the Hswke Government has used its first year to speed the pace of financial deregulation by floating the dollar and dismantling a bevy of foreign exchange controls. The signs are, however, that it is not yet ready to welcome in foreign banks on anythiog but a minority shareholding footing.

It has introduced a national health insurance scheme expanded the public bousing programme, abolished blatant tax concessions, attempted to attack tax avoidance, and tried to promote sexual, racial and ethnic equality (a difficult task, given the chauvinism and intolerance of the Australian character), and substantially hoosted funding for Aboriginal advancement programmes.

Above all, Mr Hawke has used his first year to preach the need for Australia to "enmesh" its affairs with those of the region and to forge close personal ties with Asian leaders. Although there is some concern over tha changing nature of Japanese-Australian trade (Japan took 27.1 per cent of Australia's exports in 1982-83, against a peak of 34.5 per cent in 1976-77). Mr Hawke is on excellent terms with Mr Yasuhiro Nakasone, the Japanese Prime Minister.

During his recent five-nation Asian tonr, Mr Hawke says be was struck by the speed and extent of economic development throughout the region. "For example, tbe interest that Premier Zhao demonstrated in the integration of tha iron and steel industries of Australia and China is indicative of the scale of possibilities which exist," he said. He feels that the importance of what is happening in China is too rarely appreciated. "I am convinced that the fundamental changes taking place in China today, in its economic philosophy and practices, hold major implications for all countries," he says.

Recently Mr Hawke virtually confirmed that he will call a general election between December 1984 and March 1985, a year ahead of schedule. On present form, defeat would be virtually unthinkable, so that Mr Hawke can see himself ruling until at least 1988—the year of Australia's bicentenary celebrations, when the country is likely to be awash in so much carnival celebration that a third term could easily be on tha cards.

On a scale of ona to 10, he probably scores a clean nine for his first year of office. The Labor honeymoon is by no means over, while the voting public's love affair with Mr Hawke remains spectacularly undiminished, whatever the muterings on the far Left of his party about a Government which some find differs little in style or substanca from its conservative predecessor.

Mr Hawke's challenge in his second year will be to demonstrate that style is not an enemy of substance, and that the rhetoric of "conciliation" and "consensus" has a shelf-life of more than 12 months.

The number of working days lost due to industrial disputes in Australia last year was the lowest in 13 years, the Bureau of Statistics said yesterday. AP-DJ reports from Sydney that the Bureau said there were 249 working days per 1,000 employees lost due to strikes, the lowest since the 176 lost in 1967. In 1982, there were 396 days lost. There were 1,787 industrial disputes last year, down from 2,060 in 1982.

Demonstrations hit top ten Indian ports

By K. K. Sharma in New Delhi

WORK IN India's 10 major ports was disrupted yesterday with daylong demonstrations by 300,000 dock workers who are to begin an indefinite strike today in support of wage demands which the Government has rejected.

Talks to avert the strike collapsed on Wednesday and leaders of four union federations, including the Indian National Trade Union Congress owing allegiance to Prime Minister Indira Gandhi, refused to renew negotiations yesterday.

The Government has no plans to tackle the situation except to ask the navy to help in unloading tankers bringing in crude oil and petroleum goods. Yesterday all ships berthed in the ports were asked to sail.

Oil and gas find

TWO MAJOR oil and gas fields have been discovered in India and declared commercial, Mr P. Shiv Shankar, the energy minister, has told Parliament.

S. Africa, Mozambique stage bush public relations exercise

BY J. D. F. JONES IN JOHANNESBURG

HEADS OF government of South Africa and Mozambique will meet today in the no-man's land near the border town of Komatipoort to sign a non-aggression treaty which has been greeted with jubilation by most white South Africans.

South African Prime Minister P. W. Botha, and President Samora Machel of Mozambique will sign the "Nkomati Accord" whose details have not yet been published but which will cover pledges not to harbour or support each other's enemies.

Both South Africa and Mozambique have turned the event into an unprecedented public relations exercise. From South Africa, more than a 1,000 people have been invited to a ceremony in the remote bush, including Opposition politicians, diplomats and foreign journalists.

The evident intention is to demonstrate to the world that South Africa has achieved a breakthrough in its relations with the black front-line states, of which Mozambique had been considered one of the most hostile.

Nor will, the U.S. Government be particularly averse to publicity for a diplomatic achievement in which it has played a central mediating role.

For its part, Mozambique will broadcast the ceremony live on state television and radio, and hold a mass rally in Maputo on Saturday to hail the accord.

However, although the South Africans — both politicians and the media — have been near-ecstatic with excitement and full of confidence that the Mozambique pact will be followed by similar non-aggression treaties with other black states, the reaction of the other African governments in the reglon bas been distinctly cool.

Only one government leader — the Prime Minister of conaervative Swaziland — bas accepted an invitation to attend today'a ceremony.

There may indeed be a danger that the South Africans are reacting over-confidently. President Machel agreed to negotiate with Pretoria under pressure of economic disaster and a serious internal revolt.

It does not follow that the other regional governments will feel similarly compelled to sign treaties with the apartheid government whose ideology they continue to deplore.

In Mozambique's case the non-aggression pact is expected to be accompanied by big agreements designed to rescue the country's economy.

After talks near Cape Town earlier this week it was confirmed that the negotiations had focused on future tariff levels and on the possibility of a joint security force to protect the power lines that carry the Cabora Bassa electricity into the South African grid.

Finally, South African diplomals led by Mr Pik Botha, the Foreign Minister, are at tbe same time pressing on with negoliations to extend the ceasefire in tbe Angolan border war, which is intended to lead to a Namiblan settlement.

Zimbabwe temporarily halts foreign share deals

By Tony Hawkins in Harare

THE ZIMBABWE Central Bank yesterday temporarily suspended dealings in external securities held by nominee companies within the country for the purposes of what was officially called a routine audit.

In terms of exchange control regulations first introduced 23 years ago, investors who owned foreign securities, such as shares or Government stock quoted on major international capital markets, are required to lodge them with nominee companies. This is to prevent funds from being siphoned out of the country in the form of share or bond certificates.

Bankers cannot recall a previous audit of this kind but many were yesterday relnctant to read any great significance into the move, saying that it made sense for the outhorities to want to ascertain the precise value of these "unofficial" foreign reserve holdings and to ensure that the nominee companies, such as the banks, actually do hold the securities listed in their names.

However, given Zimhabwe's strained external payments position, it is hardly surprising that the Central Bank's surprise move should have sparked speculation that the audit is not simply a bookkeeplng exercise.

Some bankers suggested that Zimbabwe might be undertaking the audit in preparation for raising foreign loans against the securities. Bankers said they had been told the suspension would last only a few days and they expected dealings in foreign securities to resume next week.

Lebanon conference agrees to release all political prisoners

BY ANTHONY McDERMOTT IN LAUSANNE

THE LEBANESE reconciliation conference yesterday agreed that political prisoners held by all factions should be released, and that the judicial processes affecting prisoners of the state should be speeded up.

This gesture, aimed at keeping the momentum going, was the second tangible achievement of the conference now in its fourth day.

But the prospects of an overall peace-package emerging soon remain distant. An adviser to President Amin Gemayel said that only one item of a four-point agenda—the cease-fire—had so far been completed. The second, on constitutional reform, was still under discussion. This left two critical outstanding issnes: the liberation of tbe country from Israeli (and, presumably Syrian and Palestinian) forces, and the formalion of a new Government.

There have been several Indications of slow progress. Mr Nabih Berri, leader of the opposition Shi'ite Amal movement, said yesterday that "we have not advanced very much." I am not optimistic, hut we must try," he said.

Using the excuse of toaay being the seventb anniversary of the assassioation (almost certainly by the Syrians) of Sheikh Kamal, the father of Mr Walid Jumblatt, an ally of Mr Berri, as well as the Druze leader and bead of the Progressive Socialist Party, there will be no conference sessions.

Inslead the day will be devoted to continuing the intense private discussions which have taken place over the last two days in preparation for the delivery of what is called "a technical document" covering all four points of the ageoda.

This is to be dellvered on Saturday, but only on this basis will the confereoce be able to make its final pronouncements.

The Beau Rivage Hotel, where the talks are being held, has announced that block bookings have heen extended for another week. This means that the conference will not have to move as was threatened to nearby Montreaux. This would have been, after Geneva last November, the third venue for negotiations.

The problems which the conference faces in terms of political and emotional tensions was illustrated hy eveots in the only session beld of all eight members, President Gemaysl, and the Syrian and Saodi observers yesterday morning. have not advanced very much. Syrian and Saudl observers yeslerday morning.

IRAQI officials claimed yesterday that their forces had secured a bridgehead on Majnoon island, seized by Iran during the latest round of fighting in the Gulf war. Both countries reported heavy fighting around the Majnoon oilfields. Iraq said it had thrown back an Iranian offensive and killed over 1,700 of the attacking force.

Military commanders in Baghdad said they were more concerned about an anticipated Iranian attack to the east of Basra, Iraq's second largest city. Over 250,000 Iranian troops and Revolutionary Guards were said to be massed near the international border.

after a noisy row with Mr Pierre Gemayel, aged 78, and father of the current president, over the status of the Christian Lebanese Forces, which are Israel's closest allies in the country.

During this exchange, Mr Franjieh insisted that a vote be taken to judge whether those who had collaborated with Israel were traitors or not. Vice-Presideot Abdel-Halim Khaddam of Syria failed to stop his exit, and only a visit by President Gemayel to Mr Mr Suleiman Franjieh, the 73-year-old former President, walked out of the conference. Franjieh's hotel suite enabled him to return and the conference to continue—without a vote.

This issue may well emerge again when point three on the agenda—Israel's withdrawal from the South—comes up. If it does, Mr Franjieh's position will receive strong support from Mr Berri, most of whose constituency in Lebanon originates from that area and is in fact the largest minority in the country.

The extent to which progress can be made before the conference reconvenes on Saturday morning depends very much on Mr Khaddam. He had made it clear that he wants positive results and will stay to see them through. He may have Mr Jumblatt more or less under control. He cancelled a Press conference yesterday for ths second day running in a sign of uncharacteristic reticence.

At the same time Mr Khaddam remains supportive of President Gemayel, from whom he has extracted considerable concessions in terms of the power of a Christian President, representation in Parliament, and the civil service, according to religious confession and the system of government. But he still faces considerable problems with Mr Nabih Berri.

Religious parties raise problems for Shamir

ISRAEL'S RELIGIOUS parties, embroiled in bitter controversy over Sabbath observance, posed fresh problems yesterday for Prime Minister Yitzhak Shamir's coalition by pressing for new powers for rabbis, writes Our Foreign Staff.

Parliamentarian Menachem Porush, of the ultra-orthodox Agudat Israel faction, announced it would next week raise delayed legislation that would give rabbis supervision over many archaeological excavations.

The Bill would allow rabbis to stop an excavation once bones had been found.

For years, bearded, black-coated ultra-orthodox Jews have protested that archaeologists were desecrating ancient Jewish graves. They have repeatedly disrupted excavations with buge, sometimes violent, demonstrations.

Last October, when Mr Shamir formed his Governmeot, Agudat Israel said it gained a signed commitment from the Prime Minister to push through the legislation.

The party warned then it would leave the coalition if the Bill was not enacted. Some Government members and the opposition have resisted the measure.

The Government has a four-seat majority in the 120-member Parliament, leaving Agudat Israel, and other religious groups in the coalition, holding the balance of power.

This week, Agudat Israel leader Avraham Shapira threatened to defect after weekend clashes over Sabbath observance between secular and religious Jews in the Tel Aviv suburb of Petah Tikva.

Chinese trade with W. Europe rises 20%

By Mark Baker in Peking

CHINA yesterday reported a 20 per cent jump in its trade with Western Enrope last year bnt said export growth stagnated.

Trade volnme reached $6.86bn (£4.9bn), tbe highest level ever and o record 16.7 per cent of China's total trade volume for the year.

But while China's imports from Western Europe rose 37.5 per cent to $4.2bn, its exports grew by a mere 1.2 per cent to $2.6bn—leaving a deficit of $1.6bn.

China's imports from EEC countries rose 36.6 per cent to $3.39bn. The biggest percentage increases were in imports from France (np 127 per cent) and Britain (up 117 per cent).

Mr Huang Wenjun, ths official spokesman for the Chinese Trade Ministry, said China's trade position with Western Europe had weakened because of her poor export marketing, sluggishness in European markets and restrictive trade policies.

"We bave to change the commodity composition to meet the needs of the West European market and improve our skills at marketing," Mr Hnang said.

"We also hope that the governments of West European markets will put fewer timitations on our exports."

China hoped, in particular, that West European countries would liberalise their policies on technological transfers.

Mr Huang said the biggest increases in Chinese imports last year were chemical fertilisers, agricultnral materials, steel, copper, timber, sugar and grain.

Sharp slowdown in West Bank settlement drive

BY OUR TEL AVIV CORRESPONDENT

THE RECESSION and problems with private construction companies ore being blamed for a sharp slowdown in Israel's fiercely controversial settlement drive in the Palestinian West Bank.

After o burst of building activity that has taken the Jewish population in the occupied territory to over 30,000, the Government has had to cut back its projection for the rest of the year.

The programme, denounced by almost the entire Western world, has recently attracted adverse publicity at bome as well, following the collapse of a major building project in the West Bank district of Nofim.

The Nofim township, the first to be entirely funded by private enterprise, was designed as a community for 10,000 people. The aim was to attract commuters with cheap housing rather than religious and nationalist settlers.

Following last autumn's economic crisis, however, the project ran into liquidity problems. According to the Housing Ministry it ran up debts of over $8m and 200 home purchasers have lost their money.

Mr Uval Neeman, the Right-wing hard liner who is acting chairman of the Government's settlement committee, lamented in Parliament that there was not enough private settlement.

Because of the Israeli recession, the Government's settlement budget has been cut by 15 per cent and only 12 small new outposts are planned for the next year.

A few months ago Ministers were talking of moving between 80,000 and 100,000 Israelis into the West Bank by 1985. The forecast now is about 65,000 compared to a Palestinian population of some 800,000.

Industrial output in U.S. rose 1.2% last month, says Fed

BY STEWART FLEMING IN WASHINGTON

INDUSTRIAL production in the U.S. reached new peaks in February with particularly strong gains recorded in the output of construction supplies and domestic goods, the Federal Reserve Board reported yesterday.

The Fed said that factory output rose by 1.2 per cent last month, the same rate of increase as in January. Production is now rising at more than double the rate recorded in the last three months of 1983.

The Commerce Department is expected to release its "flash" estimate of economic growth during the first quarter on Monday, amid expectation that the real annual rate of growth will exceed 6 per cent.

With the economy growing so strongly the debate about whether the Fed should adjust its monetary policy is intensifying.

Mr Preston Martin, the Fed deputy chairman, yesterday re-emphasised that he was hesitant about any Fed moves to tighten credit. But he said that Fed policy is "very accommodative," adding that although there are many explanations for the high levels of interest rates "availability of credit is not one of them."

The Fed data on industrial production shows that output of consumer goods increased by 0.9 per cent in February with increases of 1.9 per cent in home goods and 1.0 per cent in non-durable goods.

Strong gains in industrial production in February had been anticipated in view of the efforts, so far apparently unsuccessful, by companies to build up their stocks which have hit record lows. Strong employment gains last month, especially in the manufacturing industry, have also led to expectations that industrial production could rise strongly this month.

Car manufacturers have reported that in the first 10 selling days of the month, sales of domestically built cars have continued strong at an estimated annual rate of just over 8m.

Watergate ghost haunts Meese

By Reginald Dale, U.S. Editor, in Washington

PRESIDENT REAGAN'S choice of Mr Edwin Meese as Attorney-General ran into fresh controversy yesterday with the publication of further revelations about his past activities. Mr Meese, the White House counsellor, is next week due to undergo a second round of questioning by the Senate judiciary committee as part of his confirmation hearings.

Earlier this week it was reported that Mr Meese had failed to disclose a $15,000 interest-free loan to his wife by a friend who was later given two Federal jobs. Yesterday's allegation in the Washington Post was that he had also failed to disclose the stock purchase the loan was used for.

Senate Democrats have also expressed concern over other aspects of his personal financial dealings.

The New York Times yesterday said that Mr Meese's staff could not find a mysterious handwritten note requested by Congressional investigators that appeared to raise questions over a link between Mr Meese and a minor Watergate figure who worked in Mr Reagan's 1980 campaign. The note allegedly referred to a "Bagman" for a paid informant, whose mouth had been "kept shut."

Pinochet hopes for economic recovery as opposition plans to unseat regime

Chileans face a winter of discontent

BY MARY HELEN SPOONER IN SANTIAGO

Sr Carlos Caceres . . . economic recovery under way

AFTER A SUMMER of relative calm, the opposition to Chile is now preparing for a fresh attempt to dislodge the Pinochet regime. On March 27, a day of national protest has been called. This will proceed a 24-hour planned truck drivers' strike to protest against economic grievances, and could be a forerunner for a national strike.

Gen. Augusto Pinochet has had ample time to prepare for these protests, unlike last year when he appeared to have been caught off his guard. His determination to be tough was underlined this week by the removal from his post of the charismatic copper workers' union leader, Sr Rodolfo Seguel, who was a key figure in organising last year's protests.

Gen Pinochet is also hoping for an economic recovery which will erode the ground for grievances among Chile's workforce.

Some of the economic indicators suggest that a modest recovery may be under way. This, incidentally, will be the message brought by Sr Carlos Caceres, Chile's Finance Minister, when he pays a brief visit to London on Monday.

The industrial association, Sofofa, reports that industrial production rose 4.6 per cent last year, and should rise further this year. Agricultural growth could improve by as much as 20 per cent, according to some estimates, as a result of extra acreage under cultivation.

Both increases are related to the effects of last year's rise in import tariffs from 10 to 20 per cent and the 125 per cent fall in value of the Chilean peso over the past two years.

Chile's foreign reserves, which last year dipped to below $1.5bn, have now passed the $2bn mark according to the central bank, and the trade surplus in the first month of this year was $56m. The National Statistical Institute reports that unemployment, which had been hovering around 18 per cent, fell 14.7 per cent and the inflation rate seems to be abating from last year's 25 per cent.

"There are some prospects for improvement, if for no other reason than the economic decline was so steep," Sr Jaime Ruiz Tagle, a Chilean economist said. "But this does not necessarily imply a recovery of what was lost." He noted that many of the economic pressures endured by Chile's lower income groups are absent during the summer and will once again become apparent over the next few months.

The fall in unemployment, for instance, reflects in part the greater availability of seasonal employment in rural areas and on the outskirts of the cities. In addition, food tends to be cheaper during the summer, and households enjoy lower fuel costs.

The official unemployment statistic does not include Chileans enrolled in the Government's work projects for the unemployed. The minimum employment programme and the occupational programme for heads of households. At the end of last year, these workers, who usually earn less than the minimum wage, amounted to another 14 per cent of the workforce. Last year the authorities, faced with a series of work stoppages and protests by these workers, announced the termination of some of the work projects, a move likely to increase the official unemployment figure.

The Pinochet regime appears quite willing to wield an authoritarian hand in Chile's low income sectors, where last year's protests often turned violent. Yet it has shown some political sensitivity to the economic grievances of the middle classes, offering those with dollar-denominated debts a special repayment exchange rate lower than the official 88 pesos to the dollar.

This informal subsidy costs the Government as much as $75m a month.

In a televised speech last weekend, Gen Pinochet also announced expanded rescheduling facilities for domestic debtors, with lower interest rates for those with debts under 10m pesos.

The regime's ability to make economic concessions, however, is severely limited by its external obligations. This year Chile must pay $1.8bn in interest on its foreign debt, a figure amounting to between 8 and 9 per cent of its Gross National Product. The Government has agreed with the International Monetary Fund to limit the budget deficit to 4.6 per cent of GNP and to maintain foreign reserves at current levels.

Sr Caceres has predicted that Chile's GNP will grow by between 4 and 5 per cent this year after last year's 1.6 per cent contraction, that exports will increase by 7 per cent and that the trade surplus will reach $1bn by the end of the year.

To reach this goal, Chile plans to expand state spending by 21 per cent this year, with increases of 75 per cent in state investments such as mining and energy. The Government also plans to expand internal credit by the peso equivalent of $2.8bn.

But doubts have been raised as to whether this scheme will be sufficient to generate the desired recovery. A study recently released by the 12 creditor banks in the Chile debt rescheduling committee cautioned that the "monetary and fiscal expansion may not be sufficient to provide economic recovery or achieve a real improvement in the private sector's financial situation."

Another crucial factor is the price of copper, which supplies Chile with nearly half its export earnings. The Government budget office has based its spending plans for this year on an estimated price average of 75c per pound, 10c higher than the current world market price.

If copper prices do not increase, Chile will endure more economic belt-tightening, with an inevitable increase in political disturbances.

Hart opens lead as battle moves to Midwest

By Reginald Dale, U.S. Editor, in Washington

SENATOR Gary Hart and Former vice-president Walter Mondale yesterday took their battle for the Democratic presidential candidacy to tha industrial Midwest, where two major states, Michigan and Illinois, are to vote in the coming days.

In Illinois, which holds its primary on Tuesday, Mr Mondale attacked Mr Hart on his foreign policies, seeking to portray him as erratic and foolish, and accused him of taking inconsistent positions on arms control. Mr Hart, campaigning in Michigan ahead of Saturday's state caucuses, responded that Mr Mondale seemed to be "frightened of the future."

Mr Mondale drew comfort from a two-to-one win over Mr Hart in caucuses in the small mid-Atlantic state of Delaware on Wednesday. But results still coming in from Tuesday's western caucuses in Washington State and Nevada put Mr Hart well ahead.

Mr Hart also appeared to be narrowly winning Oklahoma. With 87 per cent of the vote counted, he was edging out Mr Mondale by 41.2 to 40 per cent.

Senator John Glenn of Ohio, who failed to relaunch his candidacy in this week's voting, was assessing his political future at a meeting with his staff in Washington.

Mr Jesse Jackson, who now increasingly sees his role as potentially a "broker" between Mr Hart and Mr Mondale at July's national convention, was concentrating on Mississippi, which holds caucuses on Saturday.

U.S. plans new control to curb 'laundering'

By William Hall in New York

THE U.S. Treasury is planning to introduce new regulations requiring banks to produce more information about international wire transfers in an effort to curb the "laundering" of drug money and the earnings from Mafia-controlled activities which are being channelled into offshore bank accounts.

U.S. banks are at present required to report to the Government all transactions in excess of $10,000. However, the authorities are concerned by the delays of up to two months in the analysis of this information and the various loopholes which enable criminals to transfer funds out of the country and into offshore banks where they are "laundered" or transformed into perfectly respectable bank deposits.

There have been suggestions that the Government should invest in a computerised system to track all large bank deposits and international wire transfers but this is understood to be prohibitively expensive and has also been resisted by the banks.

Mr John Walker, the Assistant Treasury Secretary for Law Enforcement, told tha President's commission on organised crime, which held hearings in New York this week, that he expected new regulations to be introduced within the next two months.

The U.S. Government is also planning to close another loophole in its attempt to monitor money "laundering" operations by taking in casinos which are allowed to wire funds, but not report large deposits.

Rebel attack ends truce talks with Colombians

BY TIMOTHY ROSS IN BOGOTA

THE Government of President Belisario Betancur has declared a state of siege in four departments of Colombia to give the armed forces the greater powers needed to meet a surge in activity by illegal armed groups.

The suspension of constitutional rights in Caquetá, Huila, Cauca and Meta departments, followed a heavy attack on the Caquetá state capital, Florencia yesterday by the April 19 Movement, M19. The rebels captured the city prison and released more than 100 detainees and briefly held government buildings for snipers to cover the retreat of the main columns.

A prison guard, four civilians and 12 rebels died in the fighting and more rebels were reported killed outside the city when a helicopter gunship strafed one group fleeing in a stolen bus. Eleven police and soldiers were wounded, as well as about 15 civilians. Four small nearby towns were harassed by M19 at thn same time.

The new violence brings to an end the attempt to negotiate a truce between government and guerrillas that was the central theme of Sr Betancur's 1982 election campaign. Shortly before the Florencia raid, M19 announced a return to the offensive, claiming the Government had failed to keep its promises made under an amnesty law.

Senior military officers also believe the rebels are retaliating for a series of government raids on an immense complex of cocaine factories deep in the jungles of Caquetá department. Over the weekend, the authorities captured a cluster of laboratories, airstrips, warehouses and living quarters, apparently controlled by guerrillas of the pro-Soviet Colombian Armed Revolutionary Forces (FARC) and the M19.

Alfonsin calls for unity

BY JIMMY BURNS IN BUENOS AIRES

PRESIDENT Raoul Alfonsin of Argentina yesterday appealed for national unity to reinforce democracy and to help pull the country out of its current economic crisis without resort to "unacceptable" recessive measures.

He reiterated his government's intention of involving both sides of industry in a "social contract" aimed at helping the implementation of a more effective prices and incomes policy.

Senor Alfonsin's speech before a large crowd in Cordoba, was televised nationwide and billed by close aides as the beginning of a concerted effort to reverse the negative expectations provoked by an upsurge in inflation and the radical party's first major parliamentary defeat, on Wednesday night.

A Government Bill aimed at reforming organised labour was defealed in the upper house Senate by two votes, although it had been passed by Government majority in the lower house of chamber of deputies more than one month ago.

Peronist deputies, backed by leaders of the Confederation of Labour (CGT), Argentina's only major trade union organisation, had opposed the proposed new system of direct election and proportional representation of non-aligned minorities at branch level on the grounds that it risked splitting the unity of labour.

WORLD TRADE NEWS

Iraq and Jordan in venture to build oil pipeline

BY RICHARD JOHNS

IRAQ has committed itself to the construction of an oil pipeline, with a prospective capacity of 1m barrels a day, to the Gulf of Aqaba in a joint venture with Jordan.

Baghdad's decision has been made following encouragement from the U.S. Administration, in particular during the visit to Iraq earlier this year of Mr Donald Rumsfeld, President Reagan's special envoy.

Bechtel of the U.S. is expected to be one of the companies chosen for the design and engineering for which three or four contracts may be awarded on a sectional basis to speed implementation of the project.

The Iraqi Government believes it could be operating within a year or so of construction start-up if mooring buoys are used to load tankers.

Iraq evidently plans to go ahead with a pipeline outlet through Jordan as well as the facility crossing Saudi Arabia to the Red Sea which was decided on last autumn.

Completion in full of both projects would eventually—in 1986 or 1987—give Iraq an extra export capacity overland, by-passing the Strait of Hormuz, of 3m-4m b/d.

Iraq, though, could have difficulty in raising finance for two such major investments. Despite Washington's enthusiasm for the pipeline to the Gulf of Aqaba it seems that support from the U.S. Exim-bank will not be forthcoming. Morgan Grenfell the UK merchant bank, is advising Baghdad on both projects.

The trans-Jordanian facility would be built in two 500,000 b/d phases and link the K3 pump station in western Iraq with the Gulf of Aqaba, a distance of more than 500 miles.

Brown and Root of the U.S. are front-runners to supervise the project for transporting Iraqi oil across the Arabian Peninsula to Yanbu.

The State Organisation for Oil Projects is understood to be planning to break up the work as a whole into five separate packages: detailed design and engineering, construction, pipe-laying, the terminal, and pump stations.

This project is also in two phases. The first involves a link from Iraq's southern fields to the Saudi east-west pipeline which would allow up to 500,000 b/d to pass through the existing Saudi facility, and the second would be a separate, parallel pipeline with a capacity of 1.6m b/d.

Capacity of the pipeline to the south-eastern Turkish coast, Iraq's only export outlet at present apart from trucks carrying refined products, should be raised to 1m b/d by mid-summer compared with current throughput of about 900,000 b/d.

Qatar close to finalising $4bn gas agreement

By Angela Dixon in Abu Dhabi

QATAR is close to finalising agreement with British Petroleum and Compagnie Française des Petroles on implementing a $4bn (£2.8bn) project for exploiting the state's off-shore North gas field.

The greater part of the gas produced will be liquified for export, with an annual output of 6m tonnes a year envisaged, despite the fact that no purchasing commitments have yet been secured.

The Government has had talks with prospective customers from Europe, the U.S. and Japan. The most likely markets are considered to be Japan and Taiwan.

BP and Shell were selected just over a year ago as prospective partners with a 7½ per cent share each in any liquified natural gas (LNG) venture, from a number of interested companies including also Japan and Taiwan.

A memorandum of understanding about developing the North field, one of the biggest single gas deposits in the world, was given last June. The proved reserves were recently estimated at 150 trillion (million million) cubic feet.

It is believed that the joint venture, to be known as the Qatar Gas Company, will be able to take advantage of an increase in demand for energy in general, and gas in particular, in the early part of the next decade.

Qatari officials say that they hope to start development of the field as soon as possible with output starting in 1991-92.

The undertaking has serious political overtones, with vital questions still unresolved

GEC delivers bid on China nuclear plant

BY ROBERT COTTRELL IN HONG KONG AND IAN RODGER IN LONDON

BRITAIN'S Ceneral Electric Company yesterday delivered 20 volumes of material in Hong Kong constituting its bid to win one of the two major contracts in the building of a 1,900 Mw nuclear power station at Daya Bay in China's Guandgong province.

The station, intended mainly to supply power to Hong Kong, is expected to cost up to $4.6bn (£3.2bn) and is scheduled to begin operation in 1991.

The bidding for the main components of the station is unusual in that no competitive tenders bave been called. GEC alone was invited to submit proposals for the so-called "conventional island," two 950 Mw turbine generators and the outgoing switchgear.

Similiarly, Framatome of France is the sole bidder for the pressurised water nuclear reactors. Its bid was delivered a month ago.

The bids are now being reviewed by three groups of outside consultants. Provided they are satisfied, GEC and Framatome will be awarded contracts estimated to be worth roughly one-third each of the project's total cost. It would be the first time the two worked together on a nuclear power station.

A CEC officisl said it had been in some ways more difficult to prepare a tender without competition than with it.

"It doesn't make any difference to the effort we put in. If anything, you put in a little more to try to atop them from going out later for competitive tenders. It is difficult, knowing that yon are going to be faced with a price that is an opinion rather than the result of bids on the table."

The consultants bired to review the bids are Bechtel of the U.S., Swiss Power Consultants, a joint venture of Electro-watt and Motor-Columbus, and Quadrex, Gibbs, Hill, a joint venture of the U.S. consultants, Quadrex and Gibbs and Hill. Their conclusions are expected by mid-year.

Separately, Electricité de France (EDF) is likely to play a leading role in overall management of the project.

The project, a joint venture between investors in Hong Kong and China, is to be financed 90 per cent by borrowings which will be repaid with hard currency earned from aelling power to Hong Kong.

The venture carries significant political overtones, since its inception coincides with negotiations between Britain and China about the future of Hong Kong. Britain's lease over most of its last major colony expires in 1997.

Preparing a tender without competition is in some ways more difficult than with it, GEC says. "But it does not make any difference to the effort we have to put in. If anything, you put in a *little more. . . .*"

Much of the project's financing is expected to come from supplier credits. GEC, advised by J. Henry Schroder Wagg, and Framatome, supported by the Banque Nationale de Paris, have put forward financing proposals along witb their bids. Britain's Export Credits Guarantee Department could guarantee up to 85 per cent of the valne of CEC's order.

Analysts say, however that the Bank of China will be expected to guarantee all debt associated with the project, effectively insulating lenders from the political risk associated with the possible impairment of Hong Kong's long-term ability to yield enough hard currency.

The controlling 75 per cent eqnity stake in the venture will be held by China's Guangdong Power Company, the rest by a new Hong Kong company, the Hongkong Nuclear Investment Company.

HKNIC is to subscribe for HK$800m (£70m) in equity and China Light and Power (CLP), the larger of the colony's two electric utilities, has taken the lead, with a commitment to provide up to HK$200m.

The Hong Kong Government has offered to guarantee up to HK$600m of loans to HKNIC. It may, therefore, be possible for HKNIC to raise the balance of its finance through an issue of Government - guaranteed bonds, perhaps convertibla into equity once the power station is operating.

The Hong Kong Government is being advised on the economic and financial implications of the project by Lazard Brothers, the London merchant bank. Lazards' principal report was delivered last September and formed the basis for the Hong Kong Government's initial approval for the venture.

Hong Kong Electric Holdings, the territory's smaller utility, says it does not want to participate in the project because it believes it can expand its local conventional capacity more cheaply.

For its part, Guangdong Power will pay for its equity subscription in land, materials and labour rather than cash. The whole of the power station will revert to Chinese ownership after 20 years of operation, a typical proviso in joint ventures in China.

Among important questions still to be resolved are the contracts for the power transmission lines and the offtake agreement between CLP and Guangdong Power.

It is expected that about 70 per cent of Daya Bay's power will be sold to Hong Kong, providing about 15 per cent of the colony's needs, but CLP would want to keep some flexibility in its commitment.

The Daya Bay station will be about 50 miles from Hong Kong's urban centre. One proposal is that China pay for the transmission lines within its territory and Hong Kong likewise, but there is no urgency in settling the matter.

Bankers will be watching with interest the role of the Bank of China. It will be making a guarantee of unprecedented magnitude, perhaps one-fifth of its foreign exchange reserves, and is clearly planning to play a leading role in mobilising funds from other banks.

McDonnell-Douglas studying MD-80 airliner derivative

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

McDONNELL-DOUGLAS of the U.S. is studying a possible new derivative of the highly successful MD-80 twin-engined airliner, *as an answer to competition* to the recently launched 150-seat European Airbus A-320.

The MD-80 is already selling well, with three models in production (Super 80, MD-82 and MD-83) seating un to about 155 passengers, which makes the aircraft already an effective rival in the 150-seat market.

Total orders to date for the MD-80 series amount to 302 aircraft firm and another 144 on option, from 29 airlines, of which 152 aircraft are in service. *To date some* 57m passengers have been carried in the aircraft. Production is assured into the early 1990s.

With continued product improvement in mind, McDonnell-Douglas is now studying a new version, the MD-88, which would seat up to 164 passengers and would use the projected new international V-2500 engine.

The latter power-plant is being developed by a group of seven companies in five countries, with Rolls-Royce of the UK and Pratt and Whitney of the U.S. the project leaders. The engine is expected to be available around 1983 and probably will be used in the A-320 Airbus also.

The MD-88 would have a 57-inch "plug" built in to stretch the fuselage to give more seats and in addition to the V-2500 engines, it would have a new flight deck with cathode ray tube dispays, an improved tail, wing leading edges and make greater use of lightweight materials.

A firm decision to launch the MD-88 has not yet been taken. McDonnell-Douglas will watch the market closely and especially the A-320's success or otherwise, before making a commitment.

McDonnell-Douglas is basing its case for this further derivative of the MD-80 on the fact that between 1985 and the early 1990s the pace of technological improvement, together with the high cost of money, will not justify the development of an entirely new aircraft, such as the A-320, costing close to $2bn (£1.2bn).

Recognising that eventually, in the later 1990s, an entirely new short-to-medium range twin-engined aircraft will become necessary, however, the company is studying the possibility of reverting to turbo-propeller aircraft, using the latest "prop-fan" technology.

Such an aircraft would have between 10 and 15 per cent less direct operating costs than a pure jet, through 30-40 per cent lower fuel consumption.

McDonnell-Douglas has proposed a prop-fan "demonstrator" programme to the U.S. National Aeronautic and Space Administration that would cover four years and cost some $56m.

This would be designed to prove the claims for turbo-propeller aircraft to meet the world's expanding short-to-medium range requirements for the late 1990s and into the next century.

But it does not alter the company's current belief that it can meet the challenge of competition from the A-320 with the extension of its existing MD-80 series of aircraft, and even before the MD-88 is formally launched, the company will be continually improving the existing MD-80 models available.

Boeing-Japan airbus rival move

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BOEING of the U.S. and the Japanese aerospace industry have signed a Letter of Understanding, providing for possible future collaboration on a rival 150-seat airliner for the European Airbus A-320, now under development.

The Japanese have been working for some time on a prospective 150-seat airliner venture called the YXX. Boeing has a number of studies for potential 150-seaters, including the "7 Dash 7," and derivatives of the existing Boeing 737-300 short-to-medium range jet, such as the Series 400 and 500 aircraft.

No decisions to press on with any of these ventures have yet been taken.

The plan now agreed between Boeing and the Japanese provides for joint participation in such a venture, when it is eventually decided to go ahead.

Of potential development costs of about $1.7bn (£1.2bn), the Japanese industry would bear about $402m, or 25 per cent, with Boeing and other prospective partners (yet to be decided) finding the rest.

The aircraft would use the V-2500 engine, now under development by International Aero-Engines, the seven-company, five-nation group that includes Rolls-Royce, Pratt and Whitney, several Japanese engine companies, MTU of West Germany and Fiat Aviazione of Italy.

The companies involved in the latest Boeing-Japanese plan are Mitsubishi Heavy Industries, Kawasaki Heavy Industries, Fuji Heavy Industries and the Japan Aircraft Development Corporation.

Tokyo 'will delay software laws'

BY DAVID GARDNER IN MEXICO CITY

DR HISASHI SHINTO, influential head of Nippon Telephone and Telegraph (NTT), predicted yesterday that the Japanese Government would postpone at least until next year its current controversial attempt to write new patent and copyright laws covering computer software.

The president of Japan's telecommunications monopoly, whose privatisation Bill is also the subject of heated debate at present, commented that it was simple "common sense" to take a longer look at the issue.

At present two Japanese ministries, International Trade and Industry (MITI) and education, are locked in a bitter bureaucratic battle ahead of a notional March 27 deadline, by which time all non-financial bills are supposed to be submitted to the Diet.

Miti has proposed a radical new law whose impact would be, its critics charge, to favour software users over software creators, and which might also be in violation of international conventions to which Japan is a signatory.

The Education Ministry's Cultural Affairs Agency, with the active backing of the U.S., contends that computer programmes are intellectual, not industrial, property and entitled to different protection under the law.

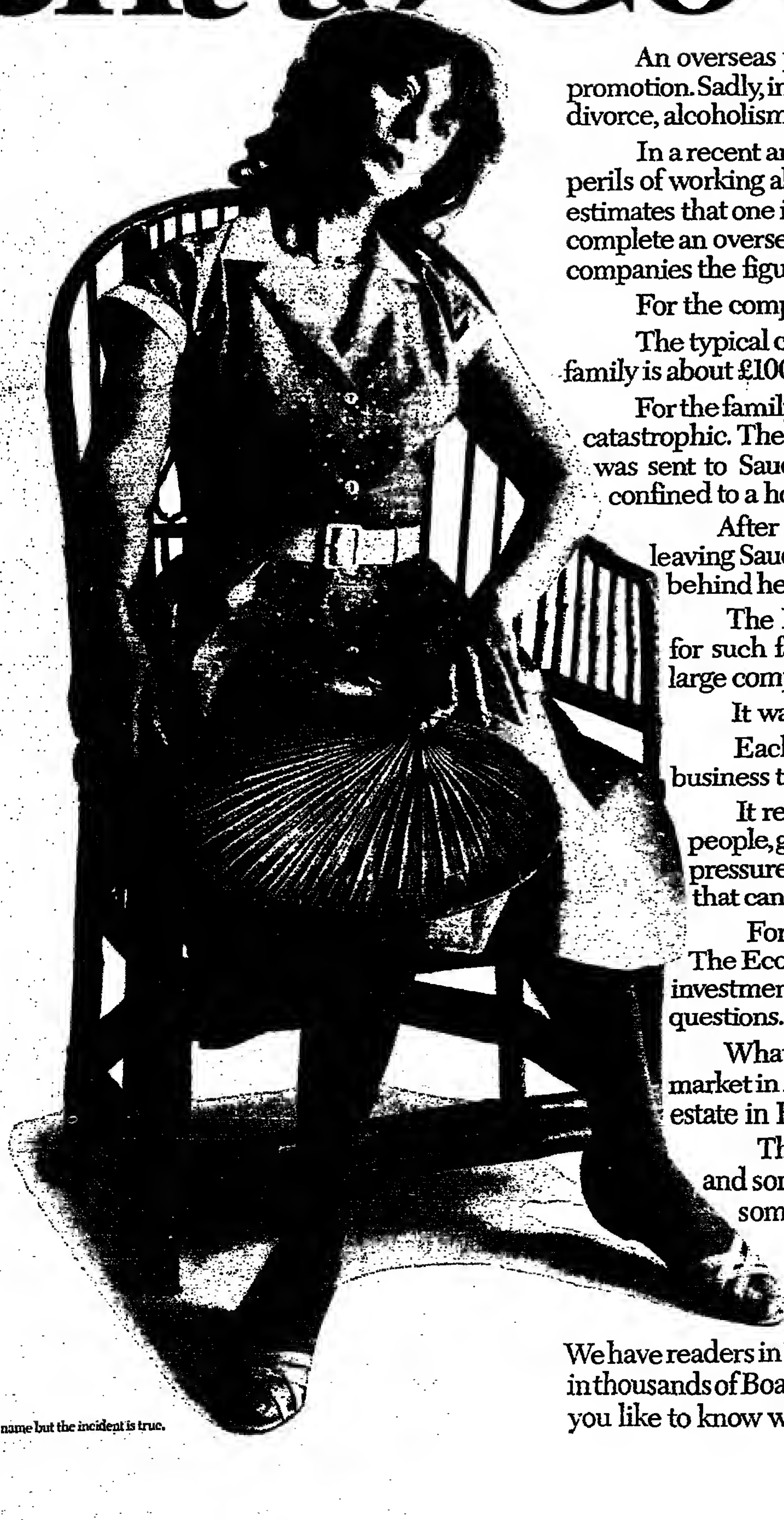
Dr Shinto, who has been deeply involved in both this issue and the NTT bill, suggested that the existing "heavy discussion" would be better delayed until next year, when a new industrial property law is due to be drawn up.

However, he declined substantive comment on the NTT bill, where MITI, this time with qualified U.S. support, seems to be succeeding in its attempt to persuade the Post and Telecommunications Ministry (MPT) to withdraw some of its more stringent proposed controls on foreign investment.

He conceded that international pressure had also helped to make MPT more flexible.

مكتبة الأمل

Mr. Foster was posted to Jeddah. His wife was sent to Coventry.



An overseas posting is often seen as a promotion. Sadly, in many cases, it promotes only stress, divorce, alcoholism and breakdown.

In a recent article, The Economist looked at the perils of working abroad. One American survey estimates that one in three American managers fail to complete an overseas tour of duty. Even for European companies the figure is one in seven.

For the company, such failures are expensive.

The typical cost of relocating a manager and his family is about £100,000.

For the family, the price can be even more catastrophic. The wife of one British manager who was sent to Saudi Arabia found herself "virtually confined to a hotel bedroom."

After four months of loneliness she quit, leaving Saudi, her husband and her marriage behind her.

The Economist analysed the reasons for such failures and explained what some large companies are doing to prevent them.

It was an article you should have read.

Each week, The Economist looks at business throughout the world.

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The Economist

Mr. Foster is a fictitious name but the incident is true.

Slowdown in pace of lending by banks

BY PHILIP STEPHENS

THE SHARP expansion of bank lending which has put upward pressure on Britain's money supply in recent months slowed in February, and the main measure of broad monetary conditions moved back to well within its target range.

The Bank of England said yesterday that lending by the banks to the private sector totalled just over £1bn in the month to mid-February, down from £1.25bn in January and from more than £1.7bn the previous month.

Sterling M3, (the broad money measure) was almost unchanged on the month, while its annual growth rate slowed to 9.7 per cent, firmly inside the 7 to 11 per cent target range for 1983/84.

Mo, the narrow money measure which was given targets this week by the Chancellor of the Exchequer, grew by 0.2 per cent over the month to show an annual increase of 6.3 per cent.

The new target period, which applies from the month starting February 15, sets annual growth rates for 1984/85 of between 6 and 10 per cent for sterling M3 and 4 to 8 per cent for Mo.

A substantial part of the slowdown in the expansion of M3 was accounted for by an erratic increase in what the Bank terms non-deposit liabilities, which covers the expansion of the banking system's capital base and a number of residual items.

The authorities are, however, clearly encouraged by the slower pace of bank lending. Although too much reliance cannot be placed on a month's figures, it does appear that the accelerating pattern seen for much of the second half of last year is weakening.

That will help to soothe concern in the City of London that the rate of credit expansion could put upward pressure on interest rates later this year.

The authorities also announced yesterday that they had introduced a new method of calculating the growth of Mo, based on averaging the level of notes and coins and bankers' balances at the Bank of England every Wednesday of the banking month.

Previously, the calculation had been made at the end of the month.

EEC oil stocks at 'acceptable' level

BY RICHARD JOHNS

THE LEVEL of "genuine security" oil stocks held by individual members of the European Economic Community falls within the range of 45 to 100 days consumption. This is revealed in a report prepared by consultants Petroleum Economics for the EEC Commission.

Under EEC rules, members are obliged to hold stocks equivalent to 90 days forward consumption – defined as those quantitites "which would be fully at the disposal of a member state." The report concludes, however, that a significant proportion of volumes officially reported would be "difficult or impossible to extract from storage, refining and distribution facilities."

The main factor leading to doubts about the effectiveness of the security measures is the amount of minimum stocks required by the industry. The period ranges from 25 to 45 days supply, according to a Petroleum Economics report published next week.

The consultants say that only West Germany and Denmark appear to have real "security" stocks of more than 90 days. They add that the buffer for other members is 45-60 days with Belgium, Luxembourg and Ireland towards the upper end and the UK, France, Italy and the Netherlands at the lower end.

The report recommends that if there were an emergency, individual member states should co-ordinate any action rather than act unilaterally. This would "tend to lead, in reality, to allocation by price," or, in other words, increases in selling rates.

Petroleum Economics concludes that the best way to harmonise different structures would be to set up separate holding organisations in each country.

Only West Germany, the Netherlands and Denmark have centralised systems for stock holding.

FT feasibility study on printing in U.S.

BY OUR INDUSTRIAL CORRESPONDENT

THE FINANCIAL TIMES management expects to receive by the end of this month the results of a feasibility study on the possibility of printing the newspaper in the U.S.

At present the U.S. market is served by air from Frankfurt. Production from a U.S. printing works would enable the newspaper to be available on same-day sale in a number of important business centres.

The FT is at present printed in London and Frankfurt, and transmission to the U.S. would take place from one of those centres.

Commercial satellite capacity to handle the transmission if the feasibility study leads to a decision to go ahead with the project, is unlikely to be available before the autumn.

Mr Frank Barlow, chief executive of the Financial Times, said yesterday that he believed the newspaper's current sales in Manhattan could double as a result of earlier availability.

It was, he said, reasonable to expect that the advantages of same-dsy sale from a U.S. production centre could give the FT a total U.S. sale of at least 25,000 copies a day, and eventually considerably more than that.

Increased sales would not be the only reason for printing in the U.S. The move would also give the FT a higher profile in a market which supplies large amounts of advertising revenue for existing editions.

● The Daily Telegraph yesterday signed a contract for the supply of Goss presses for its proposed new printing works in East London. The contract, worth more than £20m, is believed to be one of the largest orders for offset presses ever placed in Europe.

Tories get boost from budget

SENIOR UK ministers believe that the budget has allowed the Government to regain the political initiative after the recent series of internal squabbles.

The view of Mrs Margaret Thatcher, the Prime Minister, and her Cabinet colleagues, is that Mr Nigel Lawson, the Chancellor of the Exchequer, has succeeded in lifting morale among Conservative backbenchers and that this message must now be conveyed to the country.

This view is likely to be signalled in several speeches from Ministers, over the weekend and the rally of Conservative activists in Birmingham next week which will be addressed by the Prime Minister.

Mr John Biffen, the leader of the House of Commons, is due to make a speech on this theme tonight.

● TOYS 'R' Us the leading U.S. toy retailer, intends to open up business in Britain next year. Senior executives of the group, which has annual sales in excess of $1bn, are in London this week preparing plans to set up a wholly owned UK subsidiary.

The company dominates the U.S. toy retailing market with 144 toy supermarkets. It aims to open stores in Toronto and Singapore this year.

● THE BBC and independent television companies are close to a deal with the Government which will allow them to go ahead with the £400m joint direct broadcasting satellite (DBS) project.

Indications are that the Government will be prepared to accept the preconditions of Britain's two competing broadcasting bodies, including one that would give the BBC at least half of the project.

● PAY SETTLEMENT levels are continuing to edge up a little, although there is as yet no clear evidence of a strong upward drift, according to Incomes Data Services, the UK pay monitoring body.

This agrees with Department of Employment figures which show earnings rises staying stable at 7¾ per cent and CBI figures which show settlements rising to 5.8 per cent.

UK NEWS

Tebbit pledges fair Telecom competition

BY GUY DE JONQUIERES

THE GOVERNMENT was determined to bring about genuine competition in telecommunications and would ensure that British Telecom's former legal monopoly was not simply turned into a *de facto* one, Mr Norman Tebbit, Trade and Industry Secretary, said last night.

"Existing legislation and that now going through Parliament gives the Government wide powers to ensure full and fair competition and we will not hesitate to use these should it prove necessary," he told the Telecommunications and Engineering Manufacturing Association.

The British telecommunications industry had already improved its international competitiveness as a result of the Government's liberalisation policies, and its products now stood comparison with the best in the world.

"But, regrettably, some of our largest companies have yet to show that they have a clear strategy for tackling major export markets," he said.

In particular, he expected telecommunications manufacturers to do more to win overseas orders for the System X digital public exchange system, which should spearhead the British industry's re-entry to world markets.

British Telecom's sharply increased System X orders provided a platform for overseas sales. "Both the Government and British Telecom have waited long and patiently for export success. I hope we will not have to wait a great deal longer," he said.

The break-up of the Bell Telephone System in the U.S. created a huge opportunity for international expansion. But if British manufacturers failed to grasp it quickly they could be locked out of the American market for years.

Britain prepares its first astronauts

BY PETER MARSH

MR MICHAEL HESELTINE, the Defence Secretary, yesterday announced the names of four men who will train as Britain's first astronauts.

Three of the contenders are from the armed forces and the other is a civil servant at the Ministry of Defence (MoD). Two of the men will be selected to go into space on two separate space shuttle flights in 1985 and 1986.

The astronauts will supervise the launch of two British military communications satellites, members of the Skynet 4 series, from the U.S. space shuttle.

Mr Christopher Holmes, 33, the civilian in the team is a telecommunications expert.

The other members of Britain's astronaut squad are Commander Peter Longhurst, 41, from the Royal Navy; Lieutenant Colonel Tony Boyle, 43, a Royal Signals officer, and Squadron Leader Nigel Wood, 33, a test pilot from the Royal Air Force.

The four men will train in the U.S. and Britain at a cost of £375,000. The MoD will choose who goes into space a few months before each launch.

Last month, one of the U.S. space shuttles released two satellites into the wrong orbit. Aerospace engineers believe the fault was caused by a defective motor in the small rocket that boosted the craft from the shuttle's cargo bay.

Speaking yesterday at the astronauts' introduction to the press, Mr Heseltine said that Britain did not need a national space agency.

He said that the Department of Trade and Industry took the lead in organising Britain's space activities and this body ensured that Britain's work in space was co-ordinated with other members of the European Space Agency.

Mr Heseltine said that the arrangement had worked well and Britain had achieved some "conspicuous" results in space technology, chiefly in satellites.

However, Dr David Baker, the managing director of a company formed to advise on space projects, yesterday said Britain was in danger of becoming Europe's "poor relation" in space technology.

Speaking at the inauguration of Space Services International, Dr Baker said Britain was guilty of "fudging, dithering and stuttering" in its attempts to build a credible policy for space programmes.

Dr Baker's group will advise financial institutions and companies that use space technology products.

It will also arrange insurance for space vehicles. The company's clients include about a dozen City of London underwriters, Dr Baker said.

BAe joins Pilatus in RAF bid

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AEROSPACE is to collaborate with the Swiss-based Pilatus Aircraft Company in a bid for the pending Royal Air Force (RAF) order for a new basic trainer aircraft.

The RAF is studying several types of light basic training aircraft to replace its ageing British Aerospace Jet Provosts. The RAF is expected to need about 150 aircraft, worth more than £200m, including spares and initial support costs.

A short-list of four possible types is understood to include the Swiss Pilatus PC-9, the Brazilian Embraer Tucano, a development of the Australian A-10, and the British-designed Firecracker.

Executives of British Aerospace and Pilatus of Switzerland yesterday signed a "memorandum of understanding" allowing BAe to tender with the PC-9, and to manufacture the aircraft in Britain if its bid is successful. Commenting on the BAe-Pilatus link yesterday, Mr Sydney Gillibrand, managing director of BAe's Weybridge Division, said: "This agreement provides BAe with the opportunity to supply what we consider to be the ideal training partner to the Hawk aircraft."

Among the other contenders, Embraer of Brazil plans to work with Short Brothers of Belfast with the Tucano, while Firecracker Aircraft is considering possible partners in the UK.

Canadian investors join Rediffusion in 'spaceflight' venture

BY MICHAEL DONNE

REDIFFUSION Simulation, the UK flight-simulator manufacturer, is to diversify into the leisure industry, using its advanced technology to develop new entertainment systems.

As a first step it is to undertake a joint "spaceflight simulator" development for public entertainment in conjunction with a group of Canadian investors.

A joint company, Interactive Entertainment Incorporated, has been formed in Canada with C$6m (£3.23m) capital, of which Rediffusion Simulation is subscribing $1.5m, two Canadian companies (*Maple Interactive Entertainment* and Helix Investments) a total of $1.5m, the UK Commonwealth Development Finance Company $600,000, and various Canadian investors the remaining $2.4m.

As a first venture, this new company is to promote a unique 75-minute "leisure experience" for the public, with a *Tour of The Universe*, using a new type of 40-seat spaceflight simulator built by Rediffusion Simulation at Crawley, West Sussex.

The public, paying $5 each for the experience, will be given a simulated ride on a *spaceship from Earth*, to the accompaniment of a Hollywood-produced film and associated sound and other effects.

The first simulator is already built, and will be installed in the basement of the Canadian National Tower in Toronto, from this autumn. A second simulator will also be installed when it is completed.

The aim of Rediffusion and the new joint company is to extend this entertainment concept, so that by 1989, there will be as many as 23 such installations in cities throughout the world, including the U.S., UK, Australia, Japan and Western Europe.

In addition, Rediffusion foresees the time when it will develop smaller versions of the spaceflight capsule, selling them to other prospective entertainment organisations on a licence and maintenance basis.

The company believes that by 1989, the revenues of the joint company, Interactive Entertainment, could amount to about $80m a year.

The first president of Interactive Entertainment is Mr Moses Znaimer, who is president and chief executive of Toronto's major TV station, City TV, and president of Maple Interactive Entertainment. Other board members include nominees of Rediffusion and representatives of the external investors.

Mr Derek Young, managing director of Rediffusion Simulation, said yesterday that the new development "is the ultimate extension of the current trend within the entertainment industry to apply new interactive computer techniques to mass appeal leisure activities.

"As such, it represents an ideal opportunity to exploit our very advanced flight simulation technology in a novel leisure experience that is both exciting and educational."

Rediffusion Simulation is studying other methods of diversifying its flight-simulation technique into new areas. As an established world leader in flight simulation techniques, the company is a member of the international Rediffusion Group, which in turn is part of the British Electric Traction Group.

Honda restructures dealers network

BY JOHN GRIFFITHS

UP TO 60 outlets within Honda UK's car dealer network are expected to disappear or be replaced as part of a substantial restructuring operation for Honda's wholly owned importer.

The changes are linked to a continuing move by Japan's third largest car maker into higher value areas of the car market, in particular its joint production with Austin Rover of executive class cars to be built in the UK and Japan from the end of next year.

Honda said it had given notice of termination to 15 dealers this month; 12 of them within the past week. More are to be told that they are unlikely to continue as Honda franchise holders into 1985. The company described the number as "small." But in saying that "at least 70 per cent" of the existing network would be retained, it implied that about 60 could go, as it has just over 200 dealers.

It expects to appoint other dealers, but says that they will be in strategic geographical locations "and of a particularly high calibre."

Honda's UK roots are in motorcycles. It is the world's largest producer and many of its car dealerships grew out of Honda's early ventures from motorcycles into small economy cars.

The company has now moved into the executive car sector, with models retailing in the UK at £8,000 or more.

Wounded Irish MP 'better'

BY A FINANCIAL TIMES REPORTER

MR GERRY ADAMS, the Provisional Sinn Fein MP for West Belfast who was wounded in a Loyalist assassination attempt on Wednesday, is recovering from the three bullet wounds in his neck, shoulder and arm.

The Sinn Fein is the political wing of the Provisional Irish Republican Army (IRA).

The three men arrested near the scene of the shooting by an off-duty policeman and an Ulster Defence Regiment (UDR) soldier were yesterday being interrogated by the Royal Ulster Constabulary (RUC).

The murder attempt has been claimed by the Protestant Ulster Freedom Fighters, which is believed to be a cover name for the Ulster Defence Association – the only one of Northern Ireland's paramilitary organisations never to have been proscribed.

The RUC said it was purely chance that the UDR soldier and policeman were in the vicinity of the shooting in which Mr Adams and three other Sinn Fein men were injured.

UK NEWS

Plessey links up with Corning in fibre optic venture

BY JASON CRISP

PLESSEY, the UK electronics group, has set up a joint venture company in the U.S. with Corning Glassworks to exploit the rapidly growing market for fibre optic systems.

The new company, PlessCor Optronics, based in Los Angeles, is expected to have sales of at least $100m by the end of the decade. Plessey is thought to have invested about $5m in the new venture and will own 50 per cent of the company.

The remainder of the company is held by Corning and Dr Michael Barnoski, a leading expert in fibre optic technology. This is the latest in a series of moves by Plessey in the U.S., including the purchase of Stronburg-Carlson and an interest on Scientific-Atlanta.

The new company will make and sell the optoelectronic devices used in fibre optic systems in the North American market. Corning is one of the world's leading producers of the optical fibre – the hair thin strands of glass which carry signals in the form of very rapid pulses of light.

A number of companies have licensed Corning's method of making optical fibre, including Siemens in West Germany, CGE in France and several Japanese companies. In Britain, Corning has a joint venture with BICC making optical fibres in Deeside, North Wales.

Plessey and BICC have worked closely in optical fibres and have the largest share of the fast-growing UK market. Plessey is one of the world's leading makers of the optoelectronic devices which send and receive the light signals.

PlessCor Optronics will largely use Plessey optoelectronic technology developed at its laboratory at Caswell, near Northampton.

One of the main reasons for Corning's interest in the new venture is because the fibre itself is now a less important part of fibre optic systems.

This is because the fibre is becoming much cheaper and is being used in short lengths. Corning, which also has a joint venture with Siemens in the U.S., believes the U.S. market for optoelectronic devices for use in telecommunications will reach $1bn by 1990.

U.S. deal for Celltech

BY CARLA RAPOPORT

CELLTECH, the UK biotechnology company, has announced a $1m research and development agreement with Serono Laboratories of the U.S. for work on a human-growth hormone.

The agreement will include the development and commercialisation of a production process for the hormone, which is used at present to treat dwarfism. In future, the hormone is expected to be useful in the treatment of burns, fractures and bone diseases.

The development work is expected to last for just over a year, and Celltech's human-growth hormone is due to reach the marketplace in about three years. The agreement gives Serono worldwide marketing rights for the product, and Celltech will receive royalty payments.

Serono is a member of the Ares-Serono group of companies, a multinational pharmaceutical company based in Switzerland.

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THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
16	17	18	19	20	21	22

Music

PARIS

Marie-Catherine Girod, piano: Chopin, Bizet (Mon). Salle Gaveau (5632030).

Ensemble Orchestral de Paris conducted by Jean-Pierre Wallez, Yvan Chiffoleau, cello, Philip Bride, violin: Haydn, Saint-Saens, Tchaikovsky (Mon 8.30 pm). TMP-Châtelet (2334444).

Boris Christoff, bass with Lille's National Orchestra conducted by Jean-Claude Casadesus: Mussorgsky, Stravinsky (Mon). TMP-Châtelet (2334444).

Nikita Magaloff, piano: Chopin (Tue). Salle Gaveau (5632030).

Bernard Ringeissen, piano recital (Wed). TMP-Châtelet (2334444).

Chamber Music - Hervé le Floch, violin, Georges Pludermacher, piano: Leclair, Roussel, Fauré (Wed). Radio France, Grand Auditorium (5241516).

Orchestre de Paris conducted by Claude Bardon, Yehudi Menuhin, violin: Bach, Debussy, Elgar's violin concerto (Wed, Thur). Salle Pleyel. (5610630).

WEST GERMANY

Frankfurt Alte Oper: A lieder recital with Theo Adam, accompanied at the piano by Rudolf Dunckel with Schubert 'Winterreise'. (Sat). Claudio Arrau, piano, Beethoven (Thur).

Berlin, Philharmonie: The Berlin Philharmonic orchestra, conducted by André Previn and pianist Vladimir Ashkenazy. Rachmaninov and Ravel (Wed, Thur)

NEW YORK

New York Philharmonic (Avery Fisher Hall): Rafael Kubelik conducting. All-Smetana programme (Tue). Lincoln Center (8742424).

Musica Sacra Orchestra and Chorus (Avery Fisher Hall): Richard Westenburg conducting, Kathleen Battle soprano, James Bowman countertenor. All Handel programme (Mon). Lincoln Center (8742424).

Orchestre Nationale de France (Carnegie Hall): Lorin Maazel conducting, Horatio Gutierrez piano. Dukas, Prokofieff, Rachmaninov (Mon); Rachmaninov, Ravel (Tue). (2477459).

New Orleans Philharmonic (Carnegie Hall): Philippe Entremont conducting, Yefim Bronfman, piano. Weber, Beethoven, Shostakovich (Wed). (2477459).

Merkin Hall (Goodman House): Hiroko Ohki piano recital. Ravel, Schubert, Beethoven, Mozart, Liszt, Paganini (Mon). Rachmaninov Trio, Rachmaninov, Arensky, Muczynski, Ippolitov-Ivanov (Tue); Yoav Chud Chamber Ensemble. Crockett, Laurridsen (Thur). 67th W. of Broadway (3628719).

WASHINGTON

Michaela Petri Trio (Terrace): Handel, Lorenz (Mon). Kennedy Center (2540995).

National Symphony (Concert Hall): Herbert Blomstedt conducting Haydn, Brahms (Tue, Wed, Thur). Kennedy Center (2543776).

CHICAGO

Chicago Symphony (Orchestra Hall): Margaret Hillis conducting, Faith Esham soprano, Hilda Harris mezzo-soprano, David Britton tenor, Michael Devlin baritone. World premiere of Darion/Ledermann's A Mass for Cain (Thur). (4358122).

BRUSSELS

Cleveland Quartet: Beethoven, Shostakovich and Brahms. Beaux Arts (Wed).

VIENNA

Vienna Symphony Orchestra: conducted by Wolfgang Scheidt. Soloists Jane March (soprano), Diane Elias (contralto), Thomas Moser (tenor), Kurt Rydl (bass). Hindemith, Bruckner. Konzerthaus Grosser Saal (Thur). (721211).

ZURICH

Tonhalle: Tonhalle Orchestra, conducted by Gary Bertini with Martha Argerich and Nelson Freire, pianos and Dieter Dyk and Horst Hofmann, percussion. Bartok and Bruckner. (Tue to Fri). (2011580).

ITALY

Rome: Teatro Olimpico: Piazza Gentile da Fabriano: The Haydn Orchestra of Bolzano and Trento. Haydn, Petrassi and Weill. Wed. (393304).

Rome: Auditorio di via Della Conciliazione (Accademia Nazionale di Santa Cecilia): Emmanuel Krivine conducting Gervasio, Strauss and Tchaikovsky. (Mon and Tue) (6541044).

LONDON

London Symphony Orchestra conducted by Yuri Simonov and Soura Cherkassky, piano. Tchaikovsky. Barbican Hall (Tue) (6388891).

London Philharmonic Orchestra conducted by Klaus Tennstedt. Mozart. Royal Festival Hall (Tue). (9283191).

Fires of London conducted by Peter Maxwell Davies and John Carewe Bach/Maxwell Davies, Anthony Payne, Ross Edwards and Maxwell Davies. Queen Elizabeth Hall (Tue). (9283191)

Medici String Quartet: Alan Bush, Alun Hoddinott and Edward Cowie (Tue). Purcell Room 8 pm. (9283191).

Philharmonia Orchestra conducted by Bernard Haitink with Salvatore Accardo, violin. Walton and Elgar. Royal Festival Hall (Wed).

London Mozart Players conducted by Tamas Vasary, piano. Rossini, Beethoven, Britten and Schubert. Queen Elizabeth Hall (Wed).

English Chamber Orchestra and Tallis Chamber Choir conducted by George Malcolm, harpsichord. Bach Barbican Hall (Wed).

London Symphony Orchestra conducted by Yuri Simonov with Shura Cherkassky, piano. Tchaikovsky. Barbican Hall (Thur)

City of Birmingham Symphony Orchestra conducted by Neeme Jarvi with Peter Donohoe, piano. Sibelius, Tchaikovsky and Mussorgsky/Ravel. Royal Festival Hall (Thur).

Opera and Ballet

NEW YORK

Metropolitan Opera (Opera House): The season's first performance of Gian Carlo Menotti's production of Manon Lescaut joins Piero Faggioni's new Francesca da Rimini which premiered last week, conducted by James Levine with Renata Scotto as Francesca and Placido Domingo as Paolo. The week also features La Forza del Destino with Leontyne Price and the Abduction from the Seraglio. Lincoln Center (5809830).

The Desert Song (Eastside Playhouse): The Light Opera of Manhattan warms up to Sigmund Romberg's Moroccan setting for the Red Shadow's foray into the French camp to abduct the innocent Margot Bonvalet. Ends April 1. 334 E. 74th (8611288).

LONDON

Sadler's Wells, Rosebery Avenue: Ballet Rambert continues its season with a programme of new pieces by Robert North and Christopher Bruce and ends with Tetley's Murderer Hope of Women, as boring as it is silly. (2788916).

Royal Opera House, Covent Garden: The week includes two triple bills, the latter including MacMillan's stunning new Different Drummer, followed by Romeo and Juliet.

PARIS

Ballet Soirees: La Bayadère and Covent Garden's production of Tchaikovsky's Tempest; choreography for both by Rudolf Nureyev; Creation - Johann Strauss music, choreography by Roland Petit at the Paris Opera (7425750).

Maurice Béjart and the XXth Century Ballet: Messe Pour Le Temps Futur, expressing the anxiety, hope and fascination of the future. Palais des Congres (2662075).

WEST GERMANY

Berlin, Deutsche Oper: The week's highlight is Aida with outstanding Livia Budai, Mara Zampieri and Giorgio Lamberti. Premiering this week is a new production of 'Fräulein Juli', an opera by Antonio Bibalo, an Italian composer, set to the Strindberg text. It is produced by Cornel Franz and has Margit Neugebauer in the title role. Also on offer Der Türke in Italien and Alois Zimmermann's rarely played 'Die Soldaten', produced by controversial Hans Neuenfels.

Hamburg, Staatsoper: Othello is steered to triumph by Franco Bonisolli brilliant in the title role and Anna Tomowa-Sintow as Desdemona. Madame Butterfly is perfectly cast with Yoko Watanabe and Franz Grundheber. Arabella convinces thanks to Anna Tomowa-Sintow brilliant in the title role.

Cologne, Opera: Premiering this week is a new production of Carmen by Jean-Pierre Ponnelle, conducted by John Pritchard. It has Kathleen Kuhlmann in the title role. There was much acclaim for Elektra with Strauss specialists Helga Dernesch, Lisbeth Balslev and Gwyneth Jones in the leading roles. It is produced by August Everding and conducted by Gerd Albrecht.

Frankfurt, Opera: Die lustige Witwe is a well done repertoire performance. To commemorate Wagner's 100th anniversary Der fliegende Holländer is offered this week with Robert Hale brilliant in the title role and guest singer [illegible] as Senta. Madame Butterfly features June Card in the title role.

Munich, Bayerische Staatsoper: The week starts with Roman Polanski's production of Rigoletto. Die lustigen Weiber von Windsor are finely interpreted by Kurt Moll and Pamela Coburn and Gudrun Wewezow. Carmen is worth a visit with Stefania Toczyska excelling in the title role and Vladimir Atlantow.

ITALY

Milan: Teatro Alla Scala: Idomeneo conducted by Gianandrea Gavazzeni. Romeo and Juliet conducted by Michel Sasson. Choreography by John Cranko with Noella Pontois (Paris Opera production). (809126).

Venice: Teatro la Fenice: L'Italiana in Algeri conducted by Gianluigi Gelmetti. (25191).

Turin: Teatro Regio: Thais by Jules Massenet conducted by Reynald Giovaninetti. (548000).

Rome: Teatro dell'Opera: Manon by Massenet conducted by Gabriele Ferro (directed and with scenery and costumes by Jean-Pierre Ponnelle); The Civil Wars - an opera in four scenes by Robert Wilson, music by Philip Glass. (461755).

BRUSSELS

The Flying Dutchman conducted by Sylvain Cambreling with José Van Dam. Theatre Royale de la Monnaie.

VIENNA

Staatsoper: The Barber of Seville conducted by Richter; Tosca conducted by Erich Binder with Leonie Rysanek-Gausmann and Juan Pons. Richard Strauss's Capriccio conducted by Hollreiser, with Janowitz, Ludwig and Steinsky; Simon Boccanegra conducted by Claudio Abbado, with Ricciarelli, [illegible], Bruson, Carreras, Raimondi, Schiavi and Stirts. (5324/2655).

Vienna's Dance 84 Festival continues with the Stuttgart Ballet. Theater an der Wien (577151).

Swan Lake at the Staatsoper, choreographed by Rudolf Nureyev and Marius Petipa.

The Changing Times Tap Dancing Company, New York. New Wave dancing at secession (579532).

Berlin Arts Academy: The Triadic Ballet of Oscar Schlemmer. Volkstheater (932776).

Placido Domingo – at the Metropolitan Opera, New York.

Theatre

LONDON

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm, a full-blown performance from Ellen Greene and an exotically expanding man-eating prickly plant. (9302578).

Sufficient Carbohydrate (Albery): Transfer after a sold-out season at Hampstead for Dennis Potter's menopausal, over-symbolic but truculently written comedy on a gleaming white Greek island set. Dinsdale Landen superb, yet again, as a garrulous drunk. (8363878).

Hay Fever (Queen's): Penelope Keith is more "right" for Judith Bliss than was either Edith Evans or Celia Johnson. She is very funny, winsomely autocratic, distracted. The supporting actors roll over without protest. (7341166).

Saint Joan (Olivier): Staid and stolid National Theatre revival of a play that is finding it increasingly hard to live up to the tag of Shaw's masterpiece. Frances de la Tour is sincere and unrhetorical to a fault as the maid, and Ronald Eyre's direction includes medieval pageant, some striking music by Ilona Sekacz and, alas, a disastrous deputy inquisitor from Cyril Cusack. (9282252)

See How They Run (Shaftesbury): The line is not, after all, "Arrest some of these vicars" (as Tom Stoppard thought) but "Arrest most of these people." Philip King's 1945 farce is one of the funniest plays in English, a veritable period classic, and Ray Cooney's revival is, on the whole, splendid. A village prude sips too much sherry and finds the stage awash with clergymen, some of them genuine. The farceurs include Maureen Lipman, Derek Nimmo, Michael Denison, Christopher Timothy. (9308577)

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (2396262)

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaite Parisienne, but the intimate moments borrowed direct from the film. (7572626)

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (9779020)

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organization has generously decided to name the theatre after the generation's outstanding box office draw. (7578646)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage in loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (9449450)

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (4963000).

The Time of Your Life (Goodman Mainstage): Four years after his death at age 72, William Saroyan is rediscovered, here with the 1939 Pulitzer Prize winner that takes place among dreamers in a California bar. Ends April 8. (4433800).

WASHINGTON

Beyond Therapy (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personals column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (4883300)

Accidental Death of an Anarchist (Kreeger): Dario Fo's London hit has been adapted anew in collaboration with the author and stars Richard Bauer under the direction of Douglas C. Wager. Ends March 18. Arena Stage (4883300)

Exhibitions

LONDON

ICA: William Morris Today – a documentary for the 150th anniversary of the sage's birth, celebrating his ideas and principles rather than his practical work in the arts and crafts. Morris was a romantic and visionary, one of the most important of British theorists of early, idealised Socialism; and if his vision has manifestly failed to be realised, it remains nevertheless in so many respects admirable and always honourable. He was a designer of genius, though a poor painter and indifferent poet – and in the longest run it is as a designer that his work will stand. Ends April 29

PARIS

William Bouguereau: An exhibition which continues the present rehabilitation of academic art of the second half of the 19th century. Petit Palais. Closed Mon. Ends May 6 (2651273).

Camille Claudel: 70 sculptures accompanied by paintings, drawings and engravings prove the individuality of Rodin's pupil who, through her realism and, later on, a sense of the theatrical, found her own way. Musée Rodin. Closed Tue. Ends June 11 (7050134).

Masterpieces of American Painting 1760-1910. More than 100 paintings – among them Whistler's Mother, Sargent's Madame X and Mary Cassatt's Impressionist work – span 150 years of American creation. The panorama of realistic portraits, dramatic landscapes, genre scenes and symbolist paintings culminating with Homer and Eakins proves abundantly that the New World did not have to wait for the contemporary period to affirm a powerful identity of its own. Grand Palais (2615410). Closed Tue. Ends June 11.

NEW YORK

Cantor Sculpture Centre: Set against a spectacular view of New York atop the World Trade Tower, 35 Rodin sculptures are displayed in the enlargements and reductions carried out by Rodin collaborator and reproducer Henri Lebosse. One World Trade Center, 105th storey

Metropolitan: Rembrandt, Vermeer, Hals, van Ruisdael and Steel are among the 17th century masterpieces from the Royal Mauritshuis Picture Gallery in The Hague taking up temporary residence in commemoration of 200 years of Dutch-American diplomatic relations. Ends April 15.

WASHINGTON

National Gallery: Thanks to its popularity, the Aztec show of artifacts from the Spanish conquest to the 1978 excavation of Tenochtitlan – the largest show of its kind ever in America – will extend its run to spring. Ends April 1.

CHICAGO

Museum of Contemporary Art: With the assertion: "The arts in West Germany today are dynamic and strong, and constitute one of the most important sources for contemporary art trends in Europe and America," this recent Chicago institution is putting on three German shows, of artists Rebecca Horn, Dieter Roth and 100 works of five neo-Expressionists. Ends April 1.

WEST GERMANY

Tübingen, Kunsthalle: Edgar Degas. The most comprehensive Degas exhibition ever shown in the Federal Republic. More than 200 drawings, pastels and oil sketches document all periods of the French impressionist's oeuvre. Ends March 25.

Bielefeld, Kunsthalle, 5A, Ladebockstrasse: A Picasso exhibition focusing on the artist's depiction of death. Ends April 1.

ITALY

Venice: Museo Correr: Until a year ago, there was not a single painting by this Venetian master to be seen in the city (there were in fact two – but in private collections). The local council has now acquired two large and splendid paintings with interesting documentation concerning their restoration.

Florence, Pitti Palace: Raphael paintings and drawings. The exhibition has drawn such huge crowds that the opening hours have been extended – something almost unheard of in Italy. Now open from 9am until 7pm (closed Monday).

Florence: Casa di Buonarroti – via Ghibellina Raphael and Michelangelo – open until the end of April from 9am until noon (closed Tuesdays).

Rome: Galleria di Palazzo Spada. Piazza Capo di Ferro: Beautiful seventeenth century palace containing a fine collection of paintings of the same period. The building has been closed for restoration for some time and re-opened this week. It is also possible to visit the Room Of The Four Seasons, normally closed, with its beautiful mouldings by Mazzoni. The charm of this gallery is that it has kept its character as a private patrician art collection.

Guggenheim Foundation – Palazzo Guggenheim: usually closed in winter but opened especially for a small exhibition of 10 paintings by Jackson Pollock.

Florence: Biblioteca Laurentiana: latest, and final exhibition in a series dedicated to Raphael this year. This one mainly concerned with documentation on his life and artistic background.

VIENNA

Out Of Steppe and Oasis: A colourful exhibition of treasures from the high desert plateaus of Turkestan, the heartland of Central Asia, stretching from China to the Caspian Sea, many brought back by 19th-century Viennese travellers. A display of artistic skill applied to household articles and clothing, carpets, saddlebags and especially jewellery, that a nomadic people could carry with them on their camels. Museum of Ethnology (Völkerkundemuseum). Until April 30.

Albertina – Collection of Graphic Arts: Some 300 water colours of the Austrian artist Rudolf von Alt are exhibited, covering a prolific and long career from the 1930s to the early 20th century. His subject matter throughout is mainly Vienna's handsome streets and buildings, caught in many moods and seasons, with and exactness of architectural detail. There are also some sumptuous interiors and delicate mountain scenes of the Salzkammergut region. Alt's paintings give a sympathetic, even loving, record of Austria during its period of Imperial greatness, with a refreshing lightness of touch and sometimes an almost impressionist use of colour and light. Ends April 29.

Cinema/Nigel Andrews

Smiling through the glycerine tears

Terms of Endearment, directed by James L. Brooks
Never Cry Wolf, directed by Carroll Ballard
Toute Une Nuit, directed by Chantal Akerman
Risky Business, directed by Paul Brickman

Terms of Endearment has been nominated for 11 Oscars, and any that it wins should be sculpted from high-quality soap. This stupendously lathery film stretches over three generations, 30 years and 2½ hours and is like a giant TV soap opera with situation comedy additives. Anyone who believes that television styles are now taking over the cinema—or at least large sections of it—will have their fears confirmed here. Shirley MacLaine, an aging pixie in pink, is our mini-series Mom living in richest suburbia: Debra Winger, with tomboy hair-style and virile frog-in-throat, is her rebellious daughter; and Jack Nicholson, John Lithgow and Jeff Daniels are the men in their lives, purred in and out of the story as if on a non-stop conveyor belt from Central Casting.

Writer-director James L. Brooks is himself a graduate of long-running TV series (he helped initiate Taxi and Lou Grant among others), and he clearly fancied Larry McMurtry's original novel for its elastic longevity, not to mention its readimix emotions. Widowed MacLaine is one of those smother mothers who try to live their own youth vicariously in that of her children. So that when daughter Debra jumps out of the nest and marries a third-rate academic (Daniels) and charges off to the Midwest to breed children, MacLaine loses her wishful mirror-image and goes into theatric decline. Her only consolation is leery-eyed next-door neighbour and ex-astronaut Jack Nicholson. But even this romance begins unpromisingly. "Would you like to come in?" she purrs across the dividing gravel. "I'd rather stick needles in my eyes," says Nicholson, with his precise drawl and reechy grin.

The two eventually achieve amorous take-off, though, and we cross-cut between their first date — lunch at a smart restaurant followed by a drive into the sea (they order these things idiosyncratically in Hollywood)—and daughter Debra's first extra-marital fling, with podgy bank manager John Lithgow.

Soon everyone is having an affair with someone, a compulsory situation in soaps, and what is worse the adulterers all behave so *reasonably*. "There isn't an emotion you're having that I couldn't validate," says her husband's girl friend sensitively to Debra, making one wish to whop her across the head with the complete works of Dr Spock.

In its early and middle phases, the film often tickles the ribs: especially when Nicholson is on screen, whose face is such a mask of buttoned-up mischief you giggle as soon as he enters the frame. (He seems to be enjoying a secret joke, perhaps, at the film's expense.) And especially when Winger is off the screen, since she badly overdoes the horse-play and the macho throat-wark.

We are punished for disliking her, however, since she gets terminal cancer in Act 5 and the film's last sparkle of redeeming Sitcom disappears in an engulfing wave of Soap-op. Everyone rallies round with the aged-by-ten-years look, prodding tense flowers into vases and Being Brave at the bedside. But on the whole—if we must have soaps—I prefer Joan Collins and Seesil *fighting* back the hypocrisies in *Dynasty*'s hospital to these massed Oscar contenders fighting back their glycerine tears.

★

Never Cry Wolf takes place worlds away from suburbia in a setting more resembling Siberia. Unlike the toilet-tissue photography of *Terms* (lensed in a pastel fuzz by Andrzej Bartkowiak of *Daniel*), this film is shot in hard bright clarity, as if the air were smacking straight into your lungs. Amid vast subarctic expanses—no expanse has been spared—director Carroll Ballard (of *The Black Stallion*) plonks down the pint-sized silhouette of our unaccompanied biologist hero (Charles Martin Smith, previously "the Toad" in *American Graffiti*). His quest? To collect rare wolf droppings. With these he will determine the eating and living habits of the local lupi and hopefully find a way to get rid of them, since they are destroying the *caribou herds* on which local hunters depend.

It's a game of wait-and-see played out in glorious Panavision. We need to be reminded, especially in the age of *Terms of Endearment*, that the cinema can astound us with its size. Hiro Narita's photography, married to eerie echoing sound, makes the awful distances chime and creak and sparkle like a cosmic ice-bucket.

The hero's lonely vigil is relieved only by the diffident gambolling of the wolves and by a dotty Eskimo couple, an old trapper and his quasi-hippy son, who magically appear one day and then equally briskly and magically disappear. In the terrible beauty of this solitude it's no surprise that he occasionally goes off his onion, charging naked after the caribous to observe them, and be observed, in a state of nature.

Meanwhile the wolves, as we move to an echo-happy denouement, turn out to be good chaps after all: very selective in their caribou snacks, only culling the weak and old. For a Walt Disney film, what else would you expect? You should be grateful that for a Disney film this one has a rare amount of wit, spectacle and funny-rueful humanity.

★

All great cinema aspires to the condition of silent cinema: to a visual expressiveness so potent that words are (almost) redundant. Chantal Akerman's *Toute Une Nuit* is a brilliant *cinematic abstract*. The Belgian director interweaves myriad stories of people connecting and disconnecting in the night: girl waiting for lover in bar, couple snatching an embrace under the suburban trees, husband walking out on wife with midnight suitcase, distrait lady rushing across a deserted square.

It's more like a series of animated paintings than a film; as if Edward Hopper had stolen into North-West Europe on a night excursion ticket. Sometimes a line of dialogue will flare up in the silence like a match spurt in the dark. "Yes, yes, I count the days until I will be with you in New York." (Distraught girl on telephone.) But mostly these nameless, mercurial presences are bound together in a wordless dance of motion, swaying between melancholy and night-black human comedy. A unique film, not to be missed.

★

Risky Business is the kind of human comedy, cloned out by Hollywood's youth division, that doesn't seem to connect with anything either human or comic. Teenager Tom Cruise turns his home into a lucrative brothel while his parents are away: more by accident than design, since he falls into the grip of that rare cinematic being, a tart *without* a heart (played by *steely-eyed* and lightfingered nymphet Rebecca de Mornay). In quick succession he loses his mother's cut-glass egg, his father's Porsche and his own virginity.

This film has been burning up the box office in America of late, so who am I to throw eggs at it? But it does seem to me to demonstrate the damage caused to young brains by Sony Walkmen and their ilk, of which this—with its non-stop soundtrack, repetitive gags and ingratiating teen vernacular—is the movie equivalent. Paul Brickman wrote and directed.

★

Far better to storm the portals of the National Film Theatre, where two good seasons are now in progress. One is a major survey of Hong Kong cinema: 30-odd films, running until March 29. The other is a Critic's Choice season by this very critic. Adverse though I am to self-publicity, I do commend this season. You will see some excellent films stamped by my personal guarantee (including *Stalker*, *Long Day's Journey Into Night*, *The Nutty Professor* and Fassbinder's *Lolo*). And you may also—who knows—gain an insight into the weird mental processes that whir into motion in this column each Friday.

Charles Martin Smith as Tyler in "Never Cry Wolf"

Ballet Rambert/Sadler's Wells

Clement Crisp

Ballet Rambert opened a season at the Wells on Wednesday with a programme that paid *due tribute to founding figures* as well as to the company's ever-questing creative image. Sir Frederick Ashton, Rambert's first choreographer, made *Capriol Suite* for her dancers in 1930, and in the re-staging by Elisabeth Schooling and Sally Gilmour, distinguished wearers of the Old School tights, the dances still bounce and sparkle, and impress by their felicitous simplicity. And so do the costumes: the exigencies of the Rambert coffers half a century ago did not stop William Chappell making marvels from linen and black tape.

Marie Rambert's own debt to Isadora Duncan was remembered in Ashton's utterly persuasive reminiscence of Isadora's manner. Lucy Burge, the present incumbent of the draperies, lacks Lynn Seymour's wave-*like* pulse of movement, and should seek a more lurid henna shade for her hair, but in the penultimate waltz she captures the heroic Marseillaise poses of *dance's Earth Mother*, and Duncan tremendously lives.

New to London were the two other pieces in the evening by the present generation of company choreographers. Christopher Bruce's *Concertino* is "inspired and dedicated to Marie Rambert" but the Janacek score seems an intractably nationalistic accompaniment, neither very receptive to the Polish folk steps that sometimes colour the dance, nor providing much emotional sustenance other than a driving energy that impels the dancers in racing sorties over the stage. The four girls in the cast wear full skirts and appear momentarily fraught: the four chaps go in for folksy charm and look as *if they* knew which side their bride was bartered on.

Robert North's *Entre dos aguas* is a Spanish exercise with an intriguing score by Paco de Lucia and Simon Rogers for guitars and synthesizer which, like the choreography, sometimes veers towards jazz, but then draws back with a haughty Hispanic twist of its torso. Five couples, plus Lucy Burge in a pink outfit and a passion which would need Carmen Amaya's *furia* really to bring it off, are very energetic against a setting of chairs and *jalousies* which remind us where we are supposed to be.

I was reminded of Degas' *comment* when he went to see the smoulderingly Iberian canvases of Jose Maria Sert: "How very Spanish, and in such a quiet street, too." The company, though, dance throughout the evening for all they are worth.

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Stabilisation in Africa

THE NON-AGGRESSION pact to be signed by Mr P. W. Botha, the South African Prime Minister, and President Samora Machel of Mozambique when they meet in a luxury railway carriage on their common border today, should herald a real reduction in tension in southern Africa. That they are meeting at all is a considerable achievement, for the two are ideologically poles apart, the one committed to white minority rule, the other leading a Marxist black liberation movement. If the agreement lives up to its intention, then it must be welcomed.

However, it is necessary to sound a note of caution. In spite of the fanfare sounded by the signatories, the deal is one-sided. Mozambique has been brought to the conference table by force of arms and economic desperation, and South Africa holds virtually all the trump cards.

President Machel has agreed to restrain the activities of the African National Congress, South Africa's leading exiled nationalist movement, in return for an understanding—no more—that Pretoria will end its support for the Mozambique National Resistance, an organisation which has caused chaos and dislocation in two-thirds of the country. The deal has come about largely because of the success of South Africa's covert policy of destabilisation. But stabilisation of the region is a two-sided process; it is not yet clear that Mr Botha has accepted that.

Only if the economic aspects of the pact bear fruit, including increased investment and technical assistance for Mozambique's shattered economy, is that country likely to gain any net benefit. Yet such inflows may be slow in coming, because potential investors will be ultra-cautious until they see that the deal will hold.

Other African leaders have shown their privaate scepticism by politely declining invitations to attend the signing ceremony. But there is another aspect in which it could prove to be the catalyst for a further vital development in the region: a peaceful settlement and independence in Namibia.

It is argued that Mr Botha's success in reaching such a favourable agreement with an ideologically hostile regime in Mozambique may persuade him that he can equally well live with such a government in Namibia. Hitherto, the prospect of the left-wing South West Africa People Organisation (Swapo) winning an election there has caused Pretoria to stall on all attempts at reaching a settlement.

Virtually all the details of a settlement in Namibia have been agreed by all sides in terms of the United Nations plan for the territory—the so-called Resolution 435. But its implementation has been held up because of the insistence of both Pretoria and Washington that Cuban troops must be withdrawn first from neighbouring Angola. The Angolan government refuses to do this because it faces two security threats it cannot contain: a direct South African incursion in the south, and widespread dissident guerrilla activity from Dr Jonas Savimbi's Unita. Hence the stalemate.

South Africa has complicated the issue by suggesting a new peace conference linking the problems of both Namibia and Angola. The proposal made no mention of the UN plan, and therefore aroused the suspicion that Pretoria was once again trying to wriggle out of a settlement.

Linking the conflicts in the two countries seems certain to delay, rather than expedite, the peace process. If Mr Botha is persuaded that he can live with a Swapo government, or any other, in Windhoek then he should drop his absolute insistence on Cuban withdrawal from Angola. That can be negotiated in a far less heated atmosphere once a Namibian settlement is under way.

For its part, the Angolan government is quite as desperate for a deal as Mozambique, and has therefore already agreed to restrain Swapo in return for a gradual South African withdrawal from the country. The next move should be for South Africa to agree not to give further support to the Unita guerrillas, which would make a Cuban withdrawal much easier.

Freer choice in pensions

SHOULD BRITISH employees have the right to opt out of their company's pension scheme? It is the question at the heart of the debate on portable pensions, a subject now being intensively studied by Mr Norman Fowler's five-man team—a sub-group of the broader inquiry into current pension issues.

request for views from the pen-

Ideologically, the members appear to lean heavily towards a more flexible and personal approach to pensions provision, and one or two have a clear business interest in such a development. But they will have to convince Department of Health and Social Security officials who are much happier with the kind of institutional framework which has grown up over the years.

Collective schemes have important virtues, but their blatantly unfair treatment of workers who move—voluntarily or involuntarily—to other employers has proved an Achilles heel. It has given bodies like the Centre for Policy Studies the opportunity to promote the rather less tangible advantages of personal pension arrangements on such ground as the broadening of direct participation in the capital markets.

The DHSS has tried to tackle the early leaver problem separately through a discussion paper on proposed legislation to enforce partial uprating of deferred pensions, and fairer terms for transfers between schemes. But the inadequacy of that document, which pulled its punches in the interests of keeping down the costs to industry, highlighted the fact that a proper cure for the early leaver problem would require a more radical approach.

Framework

For companies, much hangs on their legal right to require employees to join their pension schemes. It means they can adopt an aggregate funding approach, which in turn has made it a practical proposition to devise shcemes based on final salary as an answer to inflation. It also means they can impose very strong control over the pattern of benefits, quite apart from the influence they exert through their control of the levels of contribution.

In this framework, the typical British occupational scheme has been permitted to develop somewhat peculiar features. Its form of inflation-proofing is deliberately concentrated on protecting the benefits promised to the continuing employee, because that is how both the companies and the trade unions want it. Hence it is severely discriminatory, not just against ex-employees who have left for other jobs, but also also against pensioners. Proper indexation is regarded as much too expensive for all but one or two private sector companies. But it is almost universal in the public sector.

A less-widely discussed, but ultimately just as important aspect is that the employee is seriously short of contractual protection. Few employers were as foolish as British Airways to incorporate a clause in the pension scheme trust deed providing that no amendment or addition could ever diminish or prejudicially affect the rights of members.

It is costing a lot of money for BA to attempt to buy employees out of that protected scheme. By implication, the flexibility to alter benefits is worth a great deal to other employers, and a good example of the kind of uncertainty faced by employees is the National Association of Pension Funds' recommendation that stayers' benefits should be trimmed as a way of financing improved terms for early leavers.

So it is an illusion to suppose that occupational schemes offer "certainty," even to stayers. But they have clear advantages too.

But the objective, surely, is that employees should join occupational schemes because they want to, not because they have to. It is a deceptively difficult ambition, because allowing the individual employee to opt out would have fundamental design consequences for most schemes.

There are some easier measures which the portability team could recommend—such as a broadening of the rules on additional voluntary contributions, which allow individuals to top up their scheme benefits, and the rolling up of employers' contributions into pay, thus emphasising that such payments are part of total remuneration.

The inquiry team should also map out a route which could lead to a much greater degree of choice for the individual, even if the time scale might need to be protracted. The need for this is emphasised by the evidence just submitted by the NAPF in response to the discussion paper. Its suggestion of a 3 per cent ceiling on statutory indexation of benefits shows that, despite all the debate of the past few years, the occupational pensions establishment is still not taking its responsibility to the beneficiaries seriously enough.

WORLD SHIPBUILDING

Europe tries to counter-attack

By Andrew Fisher, Shipping Correspondent

SMILING ruefully, the marketing director of one of West Germany's largest shipbuilding companies stands at the edge of the vast empty dock at Kiel and says: "We have no problems of space and capacity."

Towering over him is a gantry crane, capable of lifting 900 tonnes, which dominates the skyline of the Baltic town. Both dock and crane were designed for the palmier days before the oil crisis of the early 1970s.

Then, Howaldtswerke-Deutsche Werft (HDW), like many other yards, reckoned that the boom in big oil tankers would provide hefty profits for many years to come. But the reality in the last 10 years or so has been very different.

"There is very little left for European shipbuilders these days," sighs HDW's Klaus von Borstell. Not only did the tanker boom come to a painful end in the 1970s, but the market in building standard oil and bulk cargo carriers shifted to the cheaper Far East.

All across Europe, the cranes, erected in the days when tanker building was all the rage—like giant trestles, they loom above such yards as Harland and Wolff in Belfast, the crisis-hit Scott Lithgow on the Clyde, and the once ailing but now regenerated Kockums in Malmo, Sweden—are an uncomfortable reminder of the ambitions that once gripped the industry.

These ambitions were abandoned some time ago, but the subsequent process of adjustment has been slow. Even after extensive capacity cuts, the shedding of thousands of jobs, and the widespread acceptance that innovation and tough marketing are essential, the question remains: How much of the European industry is capable of surviving the next few years?

Several recent events have given the question added poignancy.

● France has just announced plans to cut shipbuilding capacity by some 30 per cent over three years, with a possible loss of 5,000 more jobs out of 22,000 in the industry.

● British Shipbuilders is closing three small yards which have run out of work, intends to streamline its organisation for a sharper marketing approach, and has finally pushed through a productivity programme at its merchant yards. It is also selling Scott Lithgow.

● The EEC Commission last month approved an extension of its present aid directive. It is also now prepared to allow member states temporarily to increase financial support, while cutting surplus capacity and investing in new technology.

Even without any prodding from the Commission, more yard closures are seen as inevitable in Europe.

HDW itself has ended merchant shipbuilding in Hamburg and concentrated it in Kiel, where its current order book comprises cargo ships for German and Chinese owners and naval vessels, some for export.

One yard which has reached levels of productivity that most British Shipbuilders yards can only dream of is Finland's Wartsila. As well as cruise ships it also builds ice-breakers and ice-strengthened cargo vessels in Helsinki and at its newer Perno yard near Turku. "In special ships, we have a better prodnctivity than any European yard," claimed Martin Saarikangas, managing director of tha Helsinki yard, just after the floating out ceremony for the Royal Princess last month (above). "For building ordinary ships, the Japanese are better — for our type, we are the same or better than them." For Wartsila, the strategy of specialisation has worked. It has been helped, however, by large-scale orders from the Russians under successive Soviet industrial plans. These have given the company a steady flow of work and revenue on which it has been able to develop and expand.

AG Weser, part of the Krupp group, has just closed its big yard in Bremen, with the loss of 2,000 jobs.

Driving past, on the way to the Bremer Vulkan yard, the redundant big blue Weser cranes can be glimpsed over the surrounding buildings. Another Weser yard, Seebeckwerft, in the north in Bremerhaven remains, building smaller ships. For the moment, its order book is reasonably healthy. But, "we have to look, left, right, and all around us for chances," says Herr Helmuth Stoterau.

German executives reckon, with hindsight, that the latest restructuring should have taken place several years ago. But the occasional lift in orders and the country's strong tradition in the industry hindered such thinking. Ten years ago, after all, Germany was the world's number three country in shipbuilding, behind Japan and Sweden.

South Korea, now the aggressive holder of second place, was virtually nowhere in 1973. It has since put the industry high on its list of industrial priorities and gained several major container ship orders in recent years. Less efficient than Japan—also hit by the tanker crisis and running at less capacity than in the 1970s—it compensates with lower costs and the sheer momentum of its industrious labour force.

Who can survive against the continued Far Eastern onslaught, exacerbated in the last couple of years by the collapse in prices as Korean and Japanese yards have fought for scarce orders? "It's too lata for major chunks of the industry," saya Graham Day, chairman of British Shipbuilders.

He reckons that the EEC should have come up with a policy for the industry much earlier. This would have given yards more flexibility within the permitted range of aids to match the cost gap with the Far East through subsidies until the market improved, the European industry slimmed down, and prices began to improve.

"The Koreans have gona underwater with their prices," exclaims Herr Stöterau of Weser. Asian shipbuilding prices are at least 30 per cent below those in Europe. The danger for shipowners, as Herr von Borstell of HDW sees it, is that if the Far East no longer faces European competition, "at the end of the decade building prices will go up sharply."

Even if shipping and shipbuilding markets staged a sudden upturn, capacity in world yards would still be far too high for maritime needs. The current excess has been put at 40 per cent. In 1973, the world industry produced 30.4m gross registered tons of ships; last year, the figure was around half that at 15.7m.

Japan still far outstrips the field. Te nyears ago, its share of world output was 48 per cent compared with 42 per cent in 1983. Western Europe, which accounted for 39 per cent in 1973, slumped to a 26 per cent share last year. Korea, however, sped up the output ranking from a lowly 0.05 per cent to nearly 10 per cent.

For new orders, the picture is even more alarming for Europe. Last year actually saw a jump from 11.2m tons in 1982 to 19.5m. But Japan, aided by a massive order from loss-making but restructuring Sanko Steamship for more than 100 bulk carriers — Europeans cried "foul" but the Japanese insist it was a commercially placed order — had the lion'a share with 56 per cent. Korea had 19 per cent and Western Europe only just over 10 per cent.

Contrast this with the heady period of 10 years ago. Then, a massive 73.6m tons of orders flowed into world yards. Japan obtained 48 per cent, Europe 40 per cent, and Korea, its industry still in the fledgling stage, just 1.3 per cent.

It is against this dismal background that the German industry has made its belated changes. As well as the closure of Weser's Bremen yard and the concentration by HDW of merchant building in Kiel, Bremer Vulkan — in which Dutch - based Thyssen - Bornemisza and the city state of Bremen have major stakes — is merging with the Bremerhaven repair yard of the Hapag-Lloyd shipping group. Jobs in the industry have been cut by 9,000 to 44,000 in the past year.

Like the Nordic countries, German yards have a high reputation for efficiency. By contrast British Shipbuilders reckons tha productivity gap between UK and other European yards is as high as 50 per cent in man hours for some tasks. It is trying to close this, at the same time shifting its strategy towards the building of smaller ships, such as gas carriers, ferries, and offshore service vessels, where customers are mainly European.

"Products have got to come down in size," says Mr Day of the new slant in BS thinking. "Fundamentally, we have got to avoid head-on competition with the Far East and let them fight it out on the big ships."

A number of European yards are now concentrating on working more closely with shipowners to solve a whole range of transport problems, of which shipping is only one. The onus is now on yards to come up with solutions, suggestions, and innovations rather than simply try and sell owners one of a set number of products.

"We have been switching from series production to tailoring," explained Göran Herslow, president of Kockums in Malmo. This Swedish yard once turned out a supertanker every 40 working days.

Its current order book includes three advanced container and roll-on/roll-off ships for the Atlantic Container Line (ACL) consortium, of which Britain's Cunard is a member, and two cruise ships for the U.S.-owned Carnival Cruise Lines. The latter is a new and complicated area for Kockums. Among those pre-eminent in cruise ship construction is the Helsinki yard of Wartsila, which has developed specialisation to a fine art and is finishing off the $150m Royal Princess vessel for P. & O. Cruises of the UK.

With the help of some financial restructuring from the Government, Kockums managed to make a small profit in 1982. But the Swedish industry has had to pay a heavy price to survive. In 1975, its yards employed 28,000 people in building ships. Today, the figure is under 8,000.

"We have carried out tremendous changes in capacity," says Mr Per Sandberg, senior vice-president of Swedyards. "It's probably the largest reduction—proportionately—in Europe. Some of our friends elsewhere in Europe are certainly in trouble."

He concedes that the 16 per cent devaluation of the Swedish currency helped the industry's export prospects, a factor commented on wryly by yard managers elsewhere. But there is no doubt that Kockums, and the offshore construction yard of Gotaverken Arendal (also in Swedyards), have made tremendous productivity strides.

"Tha trick is to be up front with the customer early in his project," noted Mr Sandberg. That way, planning and design work can begin at an early stage, reducing the risk of financial and timing miscalculations.

Not every company can be a master of specialisation. But those yards which intend to stay open are studying the market more closely than ever. At Bremer Vulkan in Germany, Henner Meckel, the managing director, believes that however sophisticated the ship, a long enough production run will give Japan and Korea an edge over the rest of the world in sheer efficiency and cost.

Whatever policies yards and governments adopt—many shipowners oppose heavy subsidies which they say encourage overbuilding and prevents market recovery—the future for European shipbuilding can only be called bleak. Mr Martin Saarikangas, managing director of Wartsila, reckoned capacity in Europe could drop to half its present level, with only continued heavy subsidies likely to prevent this.

"The European industry will contract," agreed Mr Day of BS. "It will be lucky to hold a 10 per cent share of the world market across Europe."

WINNERS AND LOSERS

(m gross registered tons)

	Completions 1973	Completions 1982	Completions 1983	End-year order total 1973	End-year order total 1982	End-year order total 1983
Japan	14.7	6.7	6.7	59.6	10.1	14.0
S. Korea	0.01	1.4	1.5	1.3	2.6	4.6
W. Europe	12.0	3.8	4.1	54.9	7.7	5.7
inc. Sweden	2.3	0.3	0.3	10.7	0.6	0.5
W. Ger.	1.9	0.6	0.8	7.3	0.9	0.6
UK	1.1	0.4	0.5	7.5	1.0	0.6
Spain	1.3	0.6	0.5	7.2	1.5	1.2
France	1.2	0.3	0.3	5.2	0.7	0.5
World total	30.4	16.7	15.7	128.9	29.2	32.6

Source: Lloyd's Register of Shipping

Men and Matters

Fitter Oxford scholars

On the eve of the Boat Race, Nigel Blackwell, a director of the Broad Street, bookshop that has fed Oxford minds since 1879. is talking about his company's "charter for the scholar athlete."

Blackwell, aged 37 and a St Edmund Hall rowing man who didn't quite get a Blue, is master-minding the Richard Blackwell Trust, named after hia father who died four years ago, which will be offering scholarships to accademically bright Oxford men and women who also have "outstanding ability or potential at sport:"

First recipients—the two annual scholarships will be worth £500 to an undergraduate and £1,000 to a post-graduate—will be chosen this year. The scheme covers the whole range of Oxford sport qualifying for a Blue or a half-Blue and eventually there will be five Blackwell Scholars in residence in any university year.

Dr Alan Tayler, Vice-Master of St Catherine's College, is organising the university end of things. Aged 50, he was a Brasenose Rugby player, and he didn't quite get a Blue either, although he played for the Greyhounds, the university's Second XV.

So is this a deep-laid plot to revive Oxford Rugby? No. There will be no favourites across the whole range of university sport. The help will be given to subsidise outstanding athletes' travelling, equipment and other problems.

Of course, Tayler says, there will be a limit. "We're not likely to choose an ice hockey player, for example. We haven't got the rink."

Nigel Blackwell is still a committed sportsman, although he admits his main activity now is squash "to ward off my coronary." In the middle of the scholarship launch, he is in the south west on a tour of some of his companv's 52 retail outlets ontside Oxford. With success like that, no wonder Blackwell's can go into sponsorship.

"I can't get the hang of the new maths. You know—'if MI + 5½% = M3 what is' . . ."

Old habits

With exemplary timing Oxford University Press has brought out the first volume of a history of the British coal industry commissioned two years ago by the National Coal Board.

During a atrike at Tipton in 1821, "threats of violence were not uncommon in the effort to close neighbouring competing collieries during a strike."

In Northumberland, the Cowpen miners were said to be "setting out to the Hanley colliery armed with bludgeons to bring out the miners there."

In 1823 the Clydach miners in South Wales were reported "to have broken the windows of fellow workers who failed to join their strike."

And when the Hebburn colliery miners on Tyneside refused their emnlovers' contract terms in 1826 "They sent out parties daily to watch all the roads . . . and to stop and intimidate all strangers" from other mines.

In Edinburgh blacklegs were reported to have had their ears cut off during a strike in 1923.

The History of the British Coal Industry, 1700-1830, price £35, is by Professor Michael W. Flinn, former emeritus professor of Edinburgh univesrity and Dr David Stoker.

Family hotels

The brothers Ashkenazy—Arnold aged 50, and Severyn aged 48—who have built up a luxury hotel group with assets of more than $500m in just ten years, are ahopping around for five top-flight hotels in London, Paris, Washington, New York and Toronto.

When Severyn Askenazy, born in Poland and educated in France and the U.S., visited London this week ha was eager for news of hotels that meet his exacting standards and may be available at a price.

His eight hotels in the Los Angeles area (L'Ermitage Hotal Group) have more than 1,000 suites of rooms. They will do boom business this year during the Summer Olympic games.

With so much certain trade on their books the brothers have decided it is time to offer the wider world their meticulous style of hotel-keeping that has gone down well in California.

As a first step to expanding into an international group they are buying a West Coast savings and loan company with assets of some $200m. "That is to be our window on to the financial world." explains Severyn.

He has already made an offer for a top Paris hotel. But he confesses he has not been able to find anything suitable available yet on the London market.

In the modern world of hotel management the name of the game for the international chains is usually a clutch of management contracts for locally-owned hotels.

The Ashkenazy brothers believe they have struck a rich lode by bucking that system. "We have concentrated upon creating a vertically-integrated hotel management and services business owning our own hotels," says Severyn. L'Ermitage group makes its own furniture, bakes its own bread, designs and makes such items as ahaving mirrors and digital door locks, trades its rooms for advertising space and radio time through its own barter company, and runs its own car hire sarvice.

While visiting his native Poland last year Severyn tried to buy the entire Polish crop of wild strawberries to be sold exclusively in his dining rooms. "A good idea but those bureaucrats couldn't deliver," he says.

Good health

A bar tender who takes orders, mixes cocktails, and even refuses to serve drunks, but won't even try to tell you about old Jim's operation.

Is this the answer to a dedicated pub customer's prayer.

Such pleasure may be on the way after a San Francisco demonstration of a new development in U.S. high technology. The bar computer, activated by the sound of a customer's voice to mix and serve drinks will reject a drunken slur, says Rou Meyer, its inventor.

Its only fault — apart from not being able to carry on discussions — is that it can't put olives in Martinis.

Floreat Ohio

Heard from an American woman in a West End outfitter'a: "I don't like it, Al. Wouldn't you think they'd do an Old Etonian tie in brighter colonrs for export?"

Observer

POLITICS TODAY

But that was on Tuesday...

By Malcolm Rutherford

CHANCELLOR LAWSON'S first budget statement must be among the most coherent ever delivered. There is a strategy, we know what the Government's economic objectives are, and there is a start on tax reform. It was also a brilliant parliamentary performance.

That was on Tuesday. By Wednesday, however, it was permissible to wonder how much had changed. The House of Commons was holding a not very distinguished debate on the budget content. People had had time to read the Financial Statement and Budget Report (the red book) which turned out to be slightly less confident about the prospects for sustained recovery than the Chancellor's speech, and also the green paper on public expenditure for the next ten years, which is a pretty flimsy document.

Not least, we learned from a written parliamentary answer that Mr Lawson had authorised Scotland Yard to investigate why some budget information had been previously leaked to the Guardian newspaper. That leaves a nasty taste, especially among journalists, and no doubt among civil servants as well.

Long-term strategy must be pursued despite the difficulties

Not for the first time one wondered which is the real world—the world of the Chancellor's long-term strategy, or the world of day-to-day hazards, leaks, parliamentary lapses, by-election shocks, miners' strikes and all the other things which tend to blow a government off course?

The answer is that it is a bit of both. The long-term strategy has to be pursued, despite the short-term difficulties. But one should not imagine that it will be as effortless as Mr Lawson's performance suggested.

The Chancellor has succeeded in laying down the economic criteria by which this Government will be judged. There will have to be cuts in direct taxation, a further reduction of inflation and a containment of public expenditure as a percentage of Gross Domestic Product. Less explicitly, but politically crucial, there will have to be some fall in the rate of unemployment.

Mr Lawson succeeded, too, in depriving the opposition of ammunition. In the debate on Wednesday the best that Mr Roy Hattersley, the Shadow Chancellor, could do was to draw attention to the plight of the long-term unemployed. For the rest, he was left complaining about the application of value added tax to take-away foods and to alterations to buildings. His speech was also extraordinarily short. Not even his best friends would say that he did well.

Yet Mr Hattersley's shortcomings were overshadowed by those of Mr Peter Rees, the Chief Secretary to the Treasury, and the man directly responsible for public expenditure control. Rarely has one heard such a dismal performance from a government front bench.

Mr Rees attacked the opposition for the politics of envy, which under the leadership of Mr Neil Kinnock is something they seem to be trying to abandon for the politics of the meritocracy. Never once did he appear to appreciate the magnitude of the Chancellor's strategy. If Mr Hattersley had an off day, Mr Rees is a liability.

It was left to Mr Roy Jenkins of the Social Democrats, and himself a former Chancellor, to make the speech that Mr Hattersley should have made. Mr Jenkins's style is a bit balling now—there were several times when he got the initials of the public sector borrowing requirement mixed up. But he still delivered the most devastating attack on the budget so far.

What he said was that the size of the PSBR—expected to be down to 2¼ per cent of GDP next year—had ceased to be the most relevant factor. Far more important was the need to raise fixed public investment, which he claimed was down to its lowest level as a percentage of national income since 1913. The best way to relieve poverty was to raise child benefits beyond the level dictated by inflation.

Moreover, in the last few years the country had been living on oil. By around the end of 1985 Mr Jenkins foresaw a dramatic change in market sentiment about sterling, as the oil revenues passed their peak and unemployment remained high.

It is possible to be certain that those predictions will be borne out. But what one can say is that those are precisely the matters which worry Mr Lawson in private. The Chancellor thinks that oil has been the lubricant in the transition to a more market-oriented economy: he is not quite sure whether the transition, including a fall in unemployment, will be achieved in time. Those will be the big economic and political questions of the next year or two.

The green paper on public expenditure does not provide many answers for the longer term. Indeed, a look at the accompanying chart—which is taken from the green paper—will show that it is not all that reassuring about the past. The chart covers, more or less, Mrs Thatcher's government to date.

A point to look at is footnote one, which draws attention to the way increased expenditure on energy has gone largely on assistance to the coal industry. But there are other trends that must raise eyebrows. For example, despite demographic change and a fall in the school population, it is a shock that expenditure on education and science should have risen by only 1 per cent. Is that really the way to invest in the future?

Again, expenditure on housing has declined by 34 per cent. It is at least arguable that that is a bit overdone. Possibly housing problems are being stored up for the next ten years.

The Chancellor is most concerned about the rise in expenditure on health and personal social services — 16 per cent between 1978-79 and 1983-84. It is the item over which the Government seems to have least control.

If you combine the total spending on social security and health and personal social services for 1983-84, the figure comes to nearly £50bn —not much less than half of all public expenditure. At the very least, that suggests that Mr Norman Fowler, the Secretary of State for Health and Social Security, is overtasked. There is no way in which a single department can competently deal with those sums. Perhaps there ought to be a separate ministry of health.

The green paper does not go into these matters of the machinery of government. Nor does it go into a great deal else. Essentially, it is a summary of some of the government's problems so far.

There is, for example, the following unusually frank statement from a government source: "The burden of tax on the lower paid has risen substantially. At the same time, social security benefits have over the period as a whole, been raised broadly in line with earnings. The result has been that increasing numbers of people have come to be simultaneously subject to tax and entitled to means-tested benefits."

In other words, it is a bit of a mess: what is given with one hand is taken away by the other, and at some administrative cost.

The green paper is also a plea for help: what to do about the seemingly non-stop upward pressures on spending? The answer it gives is that the "government and Parliament must reach their judgment about what public expenditure in total can be afforded, then contain individual programmes within the total."

The Government appears to have reached its own conclusion: public expenditure must not be allowed to rise above its present percentage of GDP. The budget strategy was heavily dependent on that.

The Chancellor admits, however, that a lot of questions have been begged. It would be possible to stick to spending targets while organising matters differently: that is the choice for the Tory Party. Or it would be possible to agree on higher spending targets and a greater role for the state: that is what the Labour Party now has to think about. The Alliance will no doubt come out somewhere in between. Anyway, if the green paper serves any purpose, it will be to concentrate discussion on these issues.

Meanwhile, other things have been happening. Mr Michael Heseltine has announced his intention of reforming the Ministry of Defence on the lines foreshadowed in a White Paper of 1963. In future there will be a combined defence staff advising the Secretary of State on policy, irrespective of the separate services—army, navy and air force. That strikes me as being thoroughly sensible. Modern technology alone makes the separate services increasingly irrelevant. But it has taken a long time to come.

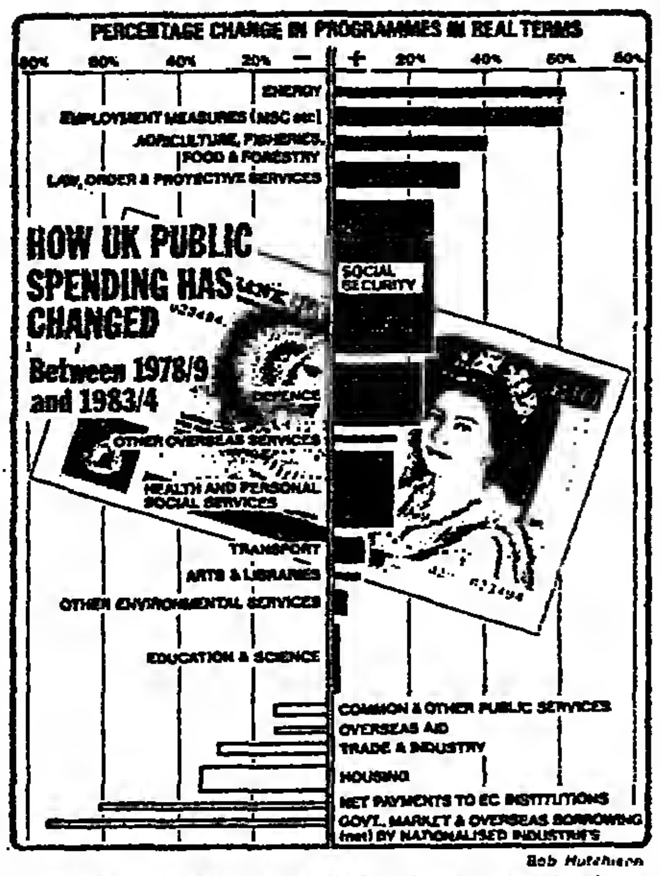
There has also been the trouble at the pits. I was rebuked quite sharply when I suggested to Mr Peter Walker, the Energy Secretary, on Monday that the Government's

Chancellor is most concerned about rise in spending on health

attitude to the disputes was "relaxed." It was still, he said, very much touch and go. Mr Arthur Scargill, the miners' leader, could not always be relied upon to make mistakes and go too far.

Still, it remains that this is the first time for many, many years that there has been a threat of collision with the miners without signs of panic. Mrs Thatcher surrendered to them in her first term over pit closures. The miners did as much as any single group prematurely to end Mr Heath's administration. And even Labour governments have had their problems over the decades.

If the troubles can be resolved relatively calmly now, a sea-change will have taken place. It will be quite as important as Chancellor Lawson's first budget, and very helpful to its prospects.



Bob Hutchison

Width of each bar on vertical axis is proportional to expenditure on programme concerned in 1983-84.

Lombard

Industry route to EEC entente

By David Marsh in Paris

AT A MEETING a few years ago, top officials of Aerospatiale, the French state-owned aerospace group which builds the missiles used for the country's independent nuclear deterrent, suggested to Mrs Margaret Thatcher that Britain should buy French weapons rather than the U.S. Trident for its next generation of submarine-borne nuclear arms.

The Prime Minister is said to have replied that Britain could not possibly do that as it would mean changing all the UK's existing submarines.

Inborn mutual suspicions about industrial and strategic co-operation between the two countries exist, and seem to be much greater than those affecting relations between France and West Germany.

Whether collaboration can be improved will depend crucially on the overall political climate after next week's EEC summit. But provided Mrs Thatcher and President Mitterrand do not come to blows in Brussels, there are several reasons for thinking that the chances for Franco-British entente over industrial policy are now much greater than indicated by the Prime Ministerial brush with Aerospatiale.

M Laurent Fabius, the French Industry Minister, wants joint industrial initiatives to act partly as a form of cement binding the Community together at a time when it risks coming unstuck politically.

There are two areas of action. One is to promote co-operation at a government-organised multilateral level as in the Airbus and Ariane projects (the only two successful examples of large-scale European industry collaboration, and both French-led), or in the EEC electronics research programme Esprit just given the go ahead in Brussels.

Esprit may pave the way for spending more EEC money usefully on industry rather than simply on agriculture. Approval this month of British Government cash for the new generation of A-320 Airbuses — despite a long wait while Mrs Thatcher made up her mind — shows that the UK can after all unite with France and West Germany in a long-term industrial project designed to challenge a dominant American manufacturer.

It is significant that the UK Government now seems to share at least some of the traditional French distrust of excessive reliance on the U.S. in areas of high technology.

There is a limit, of course, to what governments can do on their own. The other, perhaps more promising, field is for EEC countries to provide the right environment for individual companies to step up collaboration on a bi- or trilateral basis.

European business men often find it easier—sometimes for reasons which are perfectly justifiable—to secure partnerships with U.S. or Japanese companies than with EEC rivals just over their national borders.

Paris would like European corporate ties to supplement, rather than substitute, the necessary links with U.S. and Japanese companies.

M Fabius, for example, attaches great importance to the possibility of a telecommunications accord between CIT Alcatel and GEC and/or Plessey as part of negotiations still going on over opening up the French and British markets for telephone equipment. The dream is eventually to set up a European counter weight to the international might of AT and T.

But at the same time, CIT Alcatel, with the other state-controlled electronics groups, Thomson, Matra and Bull, have been forging a string of alliances with U.S. and Japanese groups.

Paris has other proposals for Anglo-French collaboration in areas like biotechnology, industrial research and nuclear energy. Both governments have recently been stepping up efforts to encourage small companies to set up in each other's markets.

Perhaps the crucial battles for European industrial collaboration will be fought in relatively unsung fields like these rather than over grand projects in aerospace and telecommunications. But Mrs Thatcher and President Mitterrand would help the process along if they showed a common vision of a Europe much more united industrially.

Letters to the Editor

The Budget and taxation

From Mr A. Harper

Sir,—The Chancellor in his Budget announced a change to the special stamp duty rules (S 58(4) Stamp Act 1891) that govern the duty payable on sub-sales.

This change is made to counter an avoidance device. A Press release says "The Revenue does not accept that the scheme is effective and the board will assess the duty which in its opinion is chargeable on instruments that have been submitted for the adjudication stamp."

This device has been employed by many house purchasers. Counsel has advised that it is effective and the leading practitioners' textbook has long stated that the Stamp Office took the same view in practice (so no small encouragement has been given by tacit approval). Many clients have had their documents adjudicated accordingly after full disclosure and full discussion of the technical points arising. This change of approach is therefore intellectual dishonesty at its most blatant.

Bully boy tactics will be employed. Assessments will be raised forcing taxpayers to give in or appeal to the High Court after first paying the duty. Very few individual taxpayers will feel so inclined. They will only have a mere 21 days from the assessment to make up their minds.

I have never felt able to advise with confidence that the agreement for lease device, which has also been stopped, was likely to be effective. I note here a subtle difference in the Press release—the Revenue says its action against this scheme is based on the advice of leading counsel that it does not work.

A. C. Harper,
Vatax Advisory Services,
11, West Halkin Street, SW1

From Mr J. Crowe

Sir,—I am surprised that Chancellor Lawson has been so blunt by removing premium relief from all forms of life insurance, though perhaps a saving of some £800m was just too attractive.

While he clearly believes that the savings market has been distorted by relief on investment schemes masquerading as life policies we would have thought that Conservative philosophies on the family, of self-reliance and state spending would have persuaded him to make a distinction between policies with a profit element and policies which pay nothing more than the basic sum insured on death. Many low-income families will now have greater difficulty providing protection of the earner's income in the event of death and may result in more widowed families depending on state income support. We hope that he can be persuaded during the passage of the Finance Bill through Parliament to either restore premium relief to non-profit life policies or limit relief for all qualifying life policies to a fixed but indexed annual premium.

John Crowe,
60 St James's Street, SW1.

From Mr J. Smith

Sir,—John Underhill (March 14, Page 36) states that an individual working abroad throughout 365 qualifying days would not be subject to UK income tax, even without the protection of the 100 per cent deduction. This is oversimplification. Without the provisions of the 100 per cent deduction, the taxpayer can only escape UK income tax if: he has a separate contract of employment for his period of overseas service; all the duties of the overseas employment are carried out abroad; and the period of overseas service spans a complete income tax year from April 6 in one year to April 5 in the next year. None of these conditions is necessary to qualify for the 100 per cent deduction.

John W. Smith.
Mercer Makanson Smith & Co,
Ashley House, 18/20 George Street, Richmond, Surrey.

From Mrs E. Taylor

Sir,—Excellent though most of Mr Lawson's Budget certainly was, I have some reservations.

Personal allowances will never be fair until every man and woman is treated equally, as things stand some benefit more than others: single person's allowance will be £2,005: married couple (wife at home) £3,155, only 57 per cent more; and married couple (both working) £5,160—157 per cent more (unless it pays them to be separately taxed).

There seems to be no reason whatsoever why there cannot be just one allowance for every man and woman, married or single, working or not working. If the non-working wife has no other income this could be included in her husband's assessment. It is a fallacy that "two can live as cheaply as one," one usually more than doubles one's commitments when one marries.

The present system almost forces women to go out to work. Isn't it possible that there might be a few more jobs available for school leavers if things were changed?

Married women should be treated as individuals in every way and have responsibility for their own unearned income as well. To have it added to their husband's and treated as just his and for married couples to be allowed only the same capital gains as a single person is grossly unfair. I imagine the thinking behind this is to dissuade couples from dividing their assets equally to avoid tax, this seems very unlikely except in a very small way.

It would be so nice if one received more incentive to save instead of being very actively encouraged everywhere to borrow and to get into debt.

(Mrs) Evelyn Taylor,
18, Marshalls Road,
Braintree,
Essex.

Radiopaging and competition

From Mr T. Sharpe

Sir,—The radiopaging letter (March 12) reveals very clearly the need for the Government to give our competition laws some teeth. A lengthy and careful investigation by the Office of Fair Trading will be futile unless a remedy in damages is available to fledgling companies, declared by the OFT and Monopolies and Mergers Commission to be victims of abuses by dominant concerns.

Incidentally, it is doubtful if the radiopaging saga would have ended very differently after British Telecom's privatisation and regulation by OFTEL.

Thomas Sharpe,
73 South Audley Street, W1.

Youth and education

From Mr R. Sholl

Sir,—Reading Alan Pike's article (March 12) on technical and vocational education initiative (TVEI) I find myself saying "At last, the ivory tower educationalists are feeling ground under their feet."

Working as a supervisor on a youth training scheme (YTS), formerly a youth opportunity programme (YOP), I have nearly despaired at the "educational" ability of the young people coming into the project. Teaching remedial maths and English to 16- up to 19-year-olds causes me to cry in outrage, "how many billions do we spend on education?"

I have been asked to look into the problems of the 17½-year-olds and upwards who missed out on the YTS, and are still out of work and possibly unemployable. The project will try and suggest ways and means of helping this particular group. So I say, "Let's have TVEI in all areas."

R. C. Sholl.
25, Westbourne Ave, Acton, W3.

Markets at work

From Mr L. Jackson

Sir,—In discussing Samuel Brittan's and Sir Terence Beckett's views on competitiveness, Mr Austin Mitchell, MP (March 8), blamed the exchange rate and argued that the Government can reverse high interest rates and a high rate of exchange at the drop of a hat.

Mr Mitchell's apparent faith in Mrs Thatcher's ability to manipulate the exchange rate is a tribute to the Prime Minister from an unexpected quarter but unhappily betrays a woeful lack of knowledge of the foreign exchange market. The exchange rate for sterling is not something that can be decided by the British. It is a market rate—the price foreigners (and sometimes UK institutions) will pay at any given moment to buy it.

It is true that matters are complicated nowadays because the textbook theory that demand for the currency of a successful exporting country will cause it to appreciate is swamped by the demand effect of massive switching of institutional funds to the most profitable centre.

The resilience of sterling in the resulting volatile markets must surely be attributed to stable government and lowered inflation—as seen from abroad—and North Sea oil, which is equivalent to additional exports. Nothing would bring sterling down faster than the prospect of a Government committed to wildly inflationary policies.

Interest rates, too, are market rates. Here as well there is a trade-off with inflation, as one of the factors a foreign manufacturer deciding whether to build a factory in the UK will be concerned with is real interest rates. So—to be brief—there is little sense in discussing interest rates in a Little England context. The task of formulating interest rate policy is clearly a formidable one, even for the first-class minds who wrestle with it. If interest rates are pitched too low, they will weaken sterling and discourage foreign investment. If too high, they will depress activity and increase British costs. Above all—and this is crucial—rates have to be credible in international markets. Mr Mitchell's think-of-a-number approach is simply not adequate.

In short, there is no "correct" rate of exchange and no "correct" level of interest rates. They are decided by the markets and a vast multiplicity of transactions.

Leonard A. Jackson,
Stable Cottage,
Speldhurst Road,
Langton Green, Kent.

No place like home

From the President, Royal Institute of British Architects

Sir,—Colin Amery (No place like home, March 12) delivered some sharp home truths about the design of spec housing, but he is unduly pessimistic. The general standard of postwar housing for sale has indeed been abysmally low. With a few heroic exceptions, builders have only been interested in selling individual houses, not an agreeable environment. Design has been unadventurous. But no wonder! Builders were in a sellers' market and felt they didn't need to bother.

Things have changed! House builders are no longer in a sellers' market. Demand is less strong and more selective. The general public will no longer tolerate the guzzling of green field sites for new estates. They expect to see derelict or underused urban land built on before further encroachments are allowed in the green belt. Builders are now having to try harder and are therefore looking for better designs. They are having to produce houses that not only look better and are "better architecture" in the sense that architects would understand, but houses that also add up to a congenial social environment and show off a more imaginative understanding of the way people live and how they use space within the dwelling.

So both architects and builders are now keenly interested in doing business together. Many builders who in the past had been dismissive of the contribution that architects might make to the saleability of their houses are now singing a very different tune. Building societies must bear some responsibility for the intense conservatism of private house design, but they also are becoming persuaded of the importance of better design to their long-term investment. A number have been collaborating with us in setting up ideas competitions and competitions on live projects to stimulate a higher standard of performance, and even commissioning pilot projects, using first-rate architects. So things are looking up and the public should soon have much better products to choose from.

Michael Manser.
66, Portland Place, W1.

FINANCIAL TIMES

Friday March 16 1984

U.S. move to drop bond tax levied on foreigners

By Mary Ann Sieghart in London

THE 30 per cent withholding tax levied on U.S. bonds bought by foreigners has come one step closer to being repealed. The U.S. Senate finance committee yesterday approved a provision to reduce the tax immediately to just 5 per cent, then to phase it out over the next five years.

If withholding tax on interest payments for foreigners were abolished U.S. borrowers would be able to issue Eurobonds in New York. Under present legislation they have to use a Netherlands Antilles financing subsidiary to issue bonds – such as Eurobonds – which pay their interest gross.

Removal of the tax would make the U.S. domestic market much more competitive with the Eurodollar bond market. At present the tax advantages to investors of buying Eurobonds means they are often prepared to accept a lower coupon than on U.S. domestic bonds.

Even a 5 per cent withholding tax would make domestic bonds less attractive than Eurobonds in terms of yield.

The Senate proposal would reduce the tax to 5 per cent immediately, then to 4 per cent for the calendar year 1985 and down by 1 per cent steps until it vanished completely in 1988.

The proposal has to go to a joint committee of Congress to be reconciled with the House of Representatives' version of the Bill, sponsored by Congressmen Sam Gibbons and Barber Conable.

The Gibbons-Conable Bill would lift the tax immediately instead of phasing it out. The idea of phasing it is to reduce any revenue losses to the U.S. Treasury. Some experts suggest, however, that the net effect to the Treasury of complete repeal would be minimal since borrowers currently set off against tax the cost of establishing their Antilles subsidiaries.

New York investment bankers have been campaigning for the pure Gibbons-Conable proposal.

Curb on laundering, Page 5; capital markets, Page 38

Record $800m bond launched by Texaco

Continued from Page 1

bonds through four regional groups: $300m will be sold in Switzerland; $75m in the Far East; $125m in West Germany; and $300m in the rest of the world.

Under U.S. regulations the bonds can not be sold immediately to U.S. residents because their interest is paid free of tax and Eurobond issues carry no register of bondholders. The U.S. tax authorities are concerned that this could lead to attempts at tax evasion.

Until yesterday the largest convertible issued in the Eurobond market was $180m, although a $400m convertible has been sold in the U.S. domestic bond market.

Battle plan on UK taxe move

Continued from Page 1

Foreign businessmen also plan to put pressure on the British Government to reverse changes in the tax treatment of company accommodation which would sharply increase costs.

The Chancellor's plan to speed up the collection of value-added tax on imports may also be challenged by overseas businessmen.

The proposed tax changes are intended to apply equally to all foreign businessmen but Japanese companies tend to employ more of their own nationals and will be disproportionately affected, a Japanese embassy official said.

Hussein rebuffs Reagan over policy on Israel

BY ROGER MATTHEWS, MIDDLE EAST EDITOR, IN LONDON

KING HUSSEIN of Jordan, the linch-pin of U.S. Middle East peace efforts, attacked President Ronald Reagan's policies yesterday.

In a long, bitter criticism, delivered during an interview with The New York Times, King Hussein said the U.S. had lost its credibility as a Middle East negotiator.

"The saddest point for me is that I have always believed values and courageous principles were an area that we shared," he said. "I now realise that principles mean nothing to the United States. Short-term issues, especially in election years, prevail."

King Hussein added: "We see things this way: Israel is on our land. It is there by virtue of American military assistance and economic aid that translates into aid for Israeli settlements. Israel is there by virtue of American moral and political support to the point where the U.S. is succumbing to Israeli dictates."

King Hussein's statement appears finally to bury whatever hope there had been for President Reagan's peace proposals, announced on September 1 1982.

The proposals envisaged King Hussein and the Palestinians agreeing on a formula whereby negotiations would be held with Israel on the future of the occupied West Bank and Gaza.

Israel immediately rejected the Reagan plan, King Hussein, however, doggedly pursued the proposals and has recently held further talks with Mr Yassir Arafat, chairman of the Palestine Liberation Organisation.

King Hussein, however, has become increasingly frustrated by what be sees as the U.S. failure to show an evenhanded approach.

"You have obviously made your choice and your choice is Israel," he told the New York Times. "Therefore thare is no hope of achieving anything.

"There is no way by which anyone should imagine that it would be possible for Arabs to sit and talk with Israel as long as things are as they are."

King Hussein has been particularly angered by U.S. unwillingness to do anything about Israel's programme of building new settlements in the West Bank and Gaza; the attempt by Congress to attach conditions to arms sales to Jordan; new proposals in Washington to move the American embassy from Tel Aviv to Jerusalem; and by the role of the U.S. in Lebanon.

Mr Robert McFarlane, the U.S. national security adviser, said later that King Hussein's remarks would make it much more difficult for Congress to approve the sale of 1,200 shoulder-fired Stinger missiles to Jordan.

He did not believe, bowever, that the King's words meant and end to President Reagan'a peace proposals. "The risks that King Hussein faces are very real. It is a matter of giving him the confidence that he can rely on our backing and support to overcome those risks," Mr McFarlane added.

Lebanon conference; West Bank slowdown, Page 4

Paribas lifts profits 40% and seeks control of Swiss unit

BY DAVID MARSH IN PARIS

BANQUE PARIBAS, the state-owned French investment bank which yesterday announced a 40 per cent increase in net profits last year to FFr 175.6m ($22.3m) is in talks aimed at the recovery of its majority stake in Paribas Suisse, the Geneva-based bank sold in 1981 amid a violent pre-nationalisation row with the Government.

Last year's profit increase came after allowances for a 42 per cent rise in provisions on doubtful loans in France and abroad. Paribas is the first of the big state-owned banks to announce 1983 earnings.

The rise brought net earnings back around their pre-nationalisation level of FFr 179.4m in 1981 after a 26 per cent fall in 1982. The bank's operating profits – before tax, depreciation and provisions – have doubled since 1981 to FFr 2.31bn last year, a performance which Paribas says is unparalleled in its 112-year history.

A Paribas spokesman said yesterday negotiations with foreign shareholders to increase the bank's 48 per cent stake in Paribas Suisse had been going on for months, and should result "in a matter of weeks" in the bank regaining a stake of more than 50 per cent.

The move to bring the Swiss subsidiary fully back into the Paribas group emphasises the smoothness of the bank's transition into the post-nationalisation era.

Paribas reduced its stake in Paribas Suisse to 40 per cent in autumn 1981 to keep it from being nationalised. Amid one of France's noisiest post-war banking controversies M Pierre Moussa, the former Paribas chairman, was forced to resign in October 1981 when the affair became public.

Since the bank was nationalised in February 1982, M Jean-Yves Haberer, its new chairman, has been working quietly to re-establish links with Paribas Suisse and the Pargesa group of shareholders – including financial interests in Belgium, Canada and Sweden – which took control in 1981.

Paribas has since increased its stake in the Geneva bank to 48 per cent, with Pargesa now owning about 51 per cent. One possible solution to the problem is for Paribas to take a majority stake in a non-Swiss holding company set up with Pargesa in order to own the Paribas Suisse shares.

News of a reapproachment comes just a few weeks before a Paris court is due to deliver its verdict after a long-running trial involving M Moussa and other former Paribas executives and clients.

Approval for Bonn steel aid

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Commission has authorised subsidies for four West German steel companies, the first decision it has made on final restructuring plans for the country's steel sector.

Governments may no longer give fresh subsidies to their steel companies without Commission permission. That restriction is part of the collective EEC restructuring of the industry. The Commission's decisions on whether aid is permissible are based on the extent of capacity cuts and the company's expected viability after the end of 1985.

Maximilianshütte, the Bavarian unit of Klöckner, is to receive a subsidy of DM 129.4m ($50.5m), a subsidised loan of DM 8.6m and a guarantee for DM 100m. Eschweiler Bergwerksverein, which it recently took over, is to receive a subsidy of DM 12m.

Other subsidies have been authorised for Bohler of Düsseldorf (DM19m) and Halberger Hütte (DM 2.6m).

The West German industry has a maximum capacity of 53.1m tonnes in 1980; it is reducing that to 47.09m tonnes.

Further decisions on companies such as Thyssen, Hoesch, Krupp, Salzgitter and Arbed Saarstahl are expected over the next five weeks, according to a Commission spokesman.

The Commission is still awaiting the restructuring plans of the British and French industries, while it needs further technical and financial details from Belgium.

David White writes from Madrid: Spain's three main state steel companies are to receive state aid of up to Pta 525bn ($3.5bn) between now and the end of 1988 in the attempt to make them competitive with their EEC rivals.

Under proposals approved by the Government this week, the funds – representing much of the Socialist administration's industrial restructuring programme – will go into altering plants, putting the companies' finances into order, and covering the cost of labour cuts.

Government plans are believed to involve the loss of almost 19,000 jobs, more than a quarter of the total, by 1990. Planned investments include new steelmaking units in northern Spain and modern cold-rolling facilities at the Sagunto complex on the Mediterranean, where the main units are to be closed down.

The private-sector Basque company, Altos Hornos de Vizcaya is to receive its share of funds from the official Industrial Credit Bank and is due to shed about a fifth of its 11,000 workforce.

The main state-owned producer, Ensidesa, will cut 27 per cent to its 21,000 employees under the plan while almost half the 4,000 jobs at the Sagunto-based Altos Hornos del Mediterraneo will be cut. Finance for the two state groups is to be channelled through the INI holding company.

Barclays eyes U.S. securities market

BY WILLIAM HALL IN NEW YORK

BARCLAYS, Britain's largest bank, plans to become an active participant in the U.S. securities market when the rules permit and is considering reorganising some of its operations as part of its efforts to establish a "large international securities trading."

Sir Timothy Bevan, chairman of the Barclays Bank group, said in New York yesterday that the timing of Barclays entry into the world's biggest securities market depended on changes in the Glass-Steagall Act, which prohibits banks from undertaking investment banking operations.

The group, which earlier this week announced links with two leading members of the London Stock Exchange, said yesterday that Glass-Steagall was one of the factors that caused the "greatest difficulty" in putting together the deal with Wedd Durlacher, the second largest UK jobbing firm.

Sir Timothy said that Wedd was concerned that Glass-Steagall would make it more difficult for it to act in the U.S., because of Barclays' U.S. banking subsidiaries.

Wedd's management "finally thought that the Glass-Steagall Act was showing sufficient signs of "wear and tear that they could discount it and go ahead" with the Barclays link, Sir Timothy said.

Washington tightens controls on Digital exports

By Guy de Jonquieres in London

THE U.S. Government has tightened controls on international sales by Digital Equipment, the second largest American computer manufacturer.

The Commerce Department has told the company to provide "end-use certificates" naming its new and existing customers worldwide and describing the use to which they intend to put equipment.

The company said the Department is insisting on checking and approving orders from outside the U.S. before equipment is shipped. The new rules apply both to equipment exported direct from the U.S. and to products made in Digital's overseas plants.

Digital's UK subsidiary said yesterday that the tighter controls had created more administrative work and had so far delayed shipments by about two weeks, but the Commerce Department had not blocked any orders to date.

Digital is believed to be the only major American computer company so far to be subjected to the stricter controls. It is not known whether they will be extended to other manufacturers.

On several occasions recently, Western authorities have intercepted shipments of Digital computers apparently en route to the Soviet Union without the company's knowledge and in violation of U.S. export curbs. This may explain why the company's overseas sales are being monitored more closely.

The new controls came into effect late last month, when the Commerce Department renewed the general distribution licence governing Digital's international trade. Its previous licence had given blanket authority to ship most types of equipment to foreign customers.

Digital's case is separate from proposals published by the Commerce Department last January to narrow the definition and scope of products exported under general distribution licences.

The proposals, which have not yet been formally adopted, have drawn widespread criticism both from American industry and from the UK and other European governments.

The British Government's attitude to the new controls on Digital is not yet clear.

Spain to compensate Norway

By Fay Gjester in Oslo

SPAIN has undertaken to pay Norway compensation for four Norwegian lorries carrying fish that were destroyed by demonstrators protesting at the recent French shelling of a Spanish trawler.

The Spanish ambassador to Norway yesterday expressed his Government's regret and promised "effective and full compensation."

The four lorries with their loads are valued at a total of about NKr 6m ($1m).

At the same time, Norway's ambassador to Spain made a formal complaint and sought assurances that there would be no repetition of the incident.

The lorries appear to have been attacked as part of a drive to keep fish from EEC countries out of Spain after the shelling – the demonstrators unaware that Norway is not a member of the EEC.

Danish central bank's warning on economy

By Hilary Barnes in Copenhagen

DENMARK'S improved international credit worthiness will be jeopardised if the Government relaxes its efforts to reduce the rate of inflation and cut the budget deficit, the country's central bank warned in its 1983 annual report yesterday.

It said there were signs the current balance of payments deficit was rising again after an improvement last year, and that domestic demand was increasing faster than in other countries. The bank warned the Danish economy was too exposed to tolerate these tendencies.

The bank's statement was in sharp contrast with Prime Minister Poul Schlueter's speech last week in which he said that pessimism about current economic developments was completely unjustified.

New orders for Danish industry increased by 15 per cent in the quarter to January

THE LEX COLUMN

A pretty pair of Sisters

Yesterday's final money supply figures shed little extra light on the zero growth of sterling M3 in banking February. The explanation lies somewhere within the capital base of the banking system, but heaven knows where. Maybe the banks simply entered figures in the wrong ledger. In any event, the gilt-edged market was distracted by the any and wonderful world of weekly money supply data. For what it is worth, Mo has obligingly opened with a fall over the week of around £10m, seasonally adjusted.

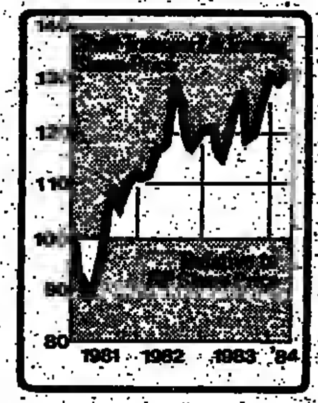
Shell/BP

The bumper results from Royal Dutch/Shell and British Petroleum impressed the market as two sides of the same glittering coin. Indeed, with BP coolly adjusting its taxes into line with the budget – easy enough, given its empty capital allowance coffers – and Shell fearing as yet to tread a single public step in that direction, their reactions to the budget appeared one of the very few points of dissension between them.

Remarkable parallels included in their results even stretch to their reported net incomes. Mukfuk has cost BP a total £117m. Adding this to its reported net income gives a 37 per cent jump to £983m, before extraordinary items, which can be compared with Shell's 38 per cent jump to £2.75bn. BP has been unaccustomed to favourable comparisons of this kind for many years and its shares closed up 23p at 453p, against a 28p rise for Shell to 673p.

Stock profits for both groups in the fourth quarter only partially offset stock losses for the year as a whole, which emerged at £130m for Shell and £104m for BP. On a replacement cost basis, their oil and gas profits rose by 25 and 23 per cent respectively. Accelerating flows from the Brent and Magnus fields made the North Sea a major contributor to both their upstream performances, with profit gains of about 40 per cent shared in the fourth quarter – an advance less readily explicable, perhaps, in BP's case.

Downstream, the fourth quarter clearly put refined product margins under further pressure. In a fiercely competitive market, Shell has again outpaced its rival by pushing up its total refined product sales and its refinery utilisation rate is up from 66 per cent in 1981 to 76 per cent today. But BP has taken its own margin strategy further here with another significant lightening



of its overall product mix, coupled with some surrender of market share in Europe, and particularly West Germany.

Conspicuous for both downstream operations has been the improvement in chemicals. BP is now breaking even in this area, but has been unable quite to match Shell's swing into sizeable profits during 1983.

Elsewhere, lower capital expenditure, lower production costs and tighter working capital needs have produced enormous cash surpluses – £2.6bn in Shell's case – and improved net debt equity ratios. The benefit to shareholders of all this looks direct enough, with roughly 20 per cent increases in both dividends giving the City of London fresh cause for jubilation in a busy week.

For all the hurrahs, however, BP's shares are still at their lowest point relative to Shell's for a decade. As the memory of Mukluk begins to fade, this could be due for some reconsideration. BP's growth certainly should exceed Shell's in 1984-85 and the prospects for its dividend look far clearer. Its yield in the meantime is nearly 8 per cent.

United Biscuits

United Biscuits has attracted more than its fair share of City of London detractors over the past year and the company must have derived considerable satisfaction yesterday from preliminary figures which neatly despatched its more strident critics. Biscuits are still trundling off the production line wrapped in handsome margins, with the result that 1983 pre-tax profits have risen by over a fifth to £83.2m.

Helped by the chairman's rousing statement on 1984 prospects, the shares responded with an 8p jump to 157p, where they yield 6.3 per cent. But, even after the encouragement of yesterday's figures, the market's doubts about the majority of UB's business have not been dissipated – the yield is roughly a quarter above the average for the food manufacturing sector.

The exceptional margins enjoyed by the UK biscuit operations last year could come under pressure from now on, as Nabisco takes a more aggressive approach to its Huntley & Palmer acquisition.

In the U.S., meanwhile, Keebler's profits will be depressed by the cost of launching the new cookie product at the end of this month. UB may fight back in the UK by trading upwards, and the closure of the Liverpool factory will be enhancing earnings a couple of years from now, but the market is keeping an open mind on the centrepiece of the growth strategy, frozen foods and catering. Margins are starting to rise, but from an almost embarrassingly low base.

TI

The muted reception given to GKN's figures on Wednesday might have been taken to show that engineering recovery stories had fallen out of fashion. But there was no lack of enthusiasm for TI's results yesterday: pre-tax profits up from £4.7 to £16.3m, a bullish statement, and a dividend increase were enough to set the shares racing up 30p to 280p.

Much of the rise in TI's share price during the last few weeks must have been due to persistent bid speculation, which disclaimers from the market's favoured candidate, Electrolux, have probably left still smouldering. Yet the quality of TI's profit improvement, emphasised by the welcome return to prerecessionary standards of accounting, now looks good enough to justify the level of the shares.

There may not be much room for higher profits from domestic appliances this year (volume increases will be hard to find and the return on capital appears to be a remarkable 42 per cent). Nevertheless, the restructuring of cycles and tubes should ensure sizeable gains, while machine tools have already swung into the black after seven-figure losses in the first half of 1983. So 1984 profits could exceed £40m before tax. TI's arsenal of tax-losses should keep the actual tax p/e looking modest for years to come.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	12	54	Dubrovnik	S	12	54	Malaga	F	13	55	Salzburg	S	9	48
Akrotiri	F	16	61	Faro	F	13	55	Malta	F	13	55	Seoul	F	9	48
Algiers	F	16	61	Florence	F	12	54	Manila	F	34	93	Singapore	R	32	90
Amsterdam	S	6	43	Frankfurt	S	9	48	Miami	C	25	77	Stockholm	C	1	34
Athens	C	10	50	Funchal	F	16	61	Milan	S	15	59	Strasbourg	S	8	46
Bahrain	C	23	73	Geneva	S	5	41	Moscow	S	6	43	Sydney	S	27	81
Bangkok	F	35	95	Gibraltar	S	9	48	Munich	S	4	39	Taipei	F	21	70
Barcelona	F	10	50	Guernsey	C	6	43	Nairobi	F	28	82	Tangier	—	—	—
Beirut	F	16	61	Helsinki	S	-1	30	Naples	S	13	55	Tehran	—	—	—
Belgrade	S	7	45	H. Kong	C	25	77	New Delhi	F	32	90	Tel Aviv	F	15	59
Berlin	S	3	37	Innsbruck	S	7	45	New York	F	6	43	Tenerife	—	—	—
Biarritz	F	13	55	Inverness	Sl	3	37	Nice	C	11	52	Tokyo	C	25	77
Blackpool	C	4	39	Istanbul	C	5	41	Oporto	S	9	48	Toronto	F	2	36
Bordeaux	C	9	48	Jersey	C	6	43	Oslo	Sn	1	34	Tunis	—	—	—
Brussels	S	7	45	Jo'burg	—	—	—	Paris	S	7	45	Valencia	C	12	54
Budapest	F	7	45	Las Palmas	C	18	64	Prague	S	9	48	Venice	F	10	50
B. Aires	C	27	81	Lima	F	26	79	Reykjavik	F	2	36	Vienna	F	9	48
Cairo	C	20	68	Lisbon	S	8	46	Rio de J'o	C	28	82	Warsaw	C	1	34
Cape Town	S	29	84	Locarno	C	9	48	Rome	S	13	55	Zurich	S	4	39
Caracas	C	28	82	London	C	5	41								
Casablanca	S	10	50	Los Angeles	C	22	72								
Copenhagen	C	1	34	Luxembourg	S	7	45								
Corfu	F	12	54	Madrid	D	3	37								
Dublin	C	5	41	Majorca	C	11	52								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Snow Report

EUROPE

Andermatt (Sw)	175–275 cm	North slopes excellent
Arosa (Sw)	120–170 cm	Excellent conditions
Courmayeur (It)	150–270 cm	Some slush on lower slopes
Crans (Sw)	130–180 cm	Good piste skiing
Grindelwald (Sw)	30–110 cm	Worn patches on lower slopes
Gstaad (Sw)	30–125 cm	Spring conditions
Sauze d'Oulx (It)	40–80 cm	Good conditions
St. Anton (Aus)	80–260 cm	Spring snow on S. slopes
Villars (Sw)	93–157 cm	Spring conditions
Wengen (Sw)	30–120 cm	Good above 1500m

European reports from Ski Club of Great Britain representatives.

THE U.S.

Aspen (Col.)	27–92 ins	Powder and packed powder
Hunter (NY)	24–104 ins	Powder and packed powder
Sugarbush (Vt.)	16–62 ins	New snow on packed powder

Figures indicate snow depths at top and bottom stations.

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Tunisia

Tunisia has a record of economic and social progress which few in the Third World can match. But the country's political institutions have also been outdistanced by the economic and social changes of recent years

Tunisian politics has been dominated for a half century by the personality of Habib Bourguiba, seen above as a young man and as he is today; the 83-year-old President founded the Neo-Destour Party in 1934 and has ruled Tunisia since Independence in 1956.

CONTENTS

The distinctive traditional architecture of Tunisia—a strong attraction in the tourist industry which has seen a ten-fold increase in income within a decade.

Tough challenge lies ahead

THE RIOTS which, only two months ago, shook the Tunisian regime to its very foundations, are unlikely in the short run to change the manner in which the smallest of the North African states is governed.

M Habib Bourguiba, who is President for life, and has ruled the country since 1957, remains head of state and M. Mohammed M'Zali was confirmed as Prime Minister.

By FRANCIS GHILÈS

Poor Tunisians may have jolted their ruling elite into an awareness that hard thinking will be needed if Tunisia is to continue the economic and social progress it has made since independence in 1956. But, so far, there are no indications of what changes the future may hold in store.

Tunisia, which boasts the fourth largest per capita income in Africa ($1,200 in 1982) has a record of economic and social progress which few on that continent or in the Middle East can match. It is all the more remarkable for having been achieved with slender resources — a modest amount of phosphates and oil, little fertile land, meagre water resources. Only Tunisia's plentiful beautiful sandy beaches, can be described as a natural asset.

The country has also had to deal with two neighbours — Algeria and Libya — who have been distinctly unfriendly in the past.

Relations with its southern neighbour have deteriorated, following the blowing up of the pipeline which carries Algerian oil through southern Tunisia by a commando from Libya two months ago, but they could improve: Colonel Gadaffi is a major threat, or a thorough nuisance, depending on which senior Tunisian one speaks to.

Ever since the aborted union with Libya, signed ten years ago, which President Bourguiba denounced within days of signing, the ruler of Tripoli has blown hot and cold. But since M. M'Zali became Prime Minister, in April 1980, he and his Minister of Foreign Affairs, M. Beji Caid Essebsi, have taken a more relaxed view of their mercurial neighbour.

They have also strived to improve relations with the Arab world: the Arab League moved its headquarters to Tunis after the Camp David Agreement forced it out of Cairo.

Meanwhile, the flow of investment from richer Middle Eastern countries has increased considerably, the result of active campaigning by the former Minister of Finance, M Mancour Moalla. These changes have brought Tunisians closer to the Arab world.

Recently, there has been a rapprochement with Algeria: Habib Bourguiba never had much time for Algeria's former President Houari Boumedienne, whose strong radical streak annoyed him. President Chadli, who devotes more time to Algerian affairs than to preaching to the world at large, has restored good relations with Tunisia.

Both countries have much to gain, politically and economically, from remaining on good terms, particularly at a time when growing EEC protectionism is making life more difficult for Tunisian exporters. Relations with Morocco are good but Tunisian hopes of a united Maghreb will remain in limbo until a solution is found to the eight-year-old conflict over the future of the Western Sahara.

Good terms

Relations with the former colonial power, France, remain close while the U.S. has always valued Tunisia's moderate stance in Arab affairs.

The increasing influence of Islamic fundamentalists does not today threaten the fabric of Tunisia's major domestic and foreign policy options but it could well do so if the infighting among the ruling class continues, unabated, in the years to come.

The uncertainties which the country faces today are, in many respects, the result of the progress achieved since 1956. A massive effort to increase the standards of literacy and health, the significant progress in family planning, the emergence of a new white collar and working class, have changed Tunisia and thrown up new problems. Progress has inevitably been uneven, both in regional and social terms.

Little benefit

The Tunisian hinterland, especially in the very poor north west and south, has not benefited much from economic development since 1956: Tunis and coastal towns have absorbed most of the new wealth.

Towns like Le Kef, Kasserine and Gafsa have little to offer their inhabitants—in terms of jobs or housing.

It is in such towns and further south, around the Chott El Jerid that the riots broke out late last December. The average income here is a fraction of what most of those who live on the coast enjoy while around one third of the adult male population is unemployed.

These problems of imbalance have not been seriously addressed. The phosphate industry is making a sustained effort to develop more downstream industries closer to its mines around Metlaoui but few other state companies have shown much concern.

The provincial governors, often appear more preoccupied with the latest development in Tunis politics than genuinely convinced of the need to develop their province. This neglect is a serious potential threat to the stability of the regime: areas along the Algerian border, particularly in the south, are traditional "siba" territory where the authority of central government is not easy to maintain while thousands of families in the south are beholden to Libya—where at least 100,000 Tunisians work—for their livelihood.

This feeling of neglect is increased by the very low level to which the Tunisian official press has sunk: that it should have declined at a time when more and more people are looking for serious news and debate is a root cause of great frustration among the growing class of technicians and new managers which has sprung up in recent years.

Every night old films of President Bourguiba, whose powers of oratory were justly renowned, are shown on television. But, for the 60 per cent of Tunisians born after independence, such nostalgia is far removed from their daily needs and preoccupations.

President Bourguiba has suffered a number of ailments since 1970 and many Tunisians have never seen him fit and well. At times, films of him fulfilling public functions are very painful to watch.

Intrigues

Habib Bourguiba has never liked his ministers to become too powerful. When he was in good health this mattered little as his leadership was strong and enlightened. But, since 1969, too many political heavyweights have been cast aside by the palace intrigues or because they upset the President: Ahmed Ben Salah, his country's economic overlord until 1969; Mohamed Masmoudi after the signing of the treaty of union with Libya in 1974; M Ahmed Mestiri, a former minister of defence, who now leads the opposition Movement of Democrates Socialistes (MDS); M Mancour Moalla, who dared to suggest that the tax system should be reformed and, last October, M Azouz Lasram, who warned against doubling the price of bread.

No minister today carries the weight any of these former members of Tunisian Governments did. Few, if any, have a strong political base.

Tunisia however still holds much promise: economic development since 1956 does provide a solid base for further growth—if certain reforms are brought to bear. The increase in educational and health standards has provided the country with major assets.

Last year witnessed GDP growth of 4.5 per cent—less than the 6 per cent forecast in the Sixth Economic Development Plan, but better than the 1.5 per cent achieved in 1982. Industrial output rose by 9.3 per cent. However, despite a modest foreign debt—$3.8bn—whose service only accounts for 17 per cent of exports of goods and services, the widening trade gap forced the authorities to reign in imports last summer.

Two other chronic problems are the sluggishness of the agricultural sector and a population growing faster than jobs are being created.

The need for hard thinking has never been greater — nor that for new faces. The same group of people has held power for 28 years, but the growing middle-class is frustrated and apprehensive: disdainful of the intrigues of the President's entourage, but scared of the mob they saw rampaging earlier this year.

Tunisian leaders are reaping the harvest of what they sowed for a generation. But that harvest will only be successful if greater democracy and a more equitable sharing of the nation's wealth is injected into the system M Bourguiba has built. The country's political institutions have been outdistanced by the economic and social changes of recent years.

In many ways northern Tunisia and the coastal area are closer to Spain and parts of Italy—they no longer strictly belong to the Third World. That is the measure of President Bourguiba's success but, by the same token, the measure of the challenge he and his successors must face up to during the next few years.

BASIC STATISTICS

Area: 164,000 sq km
Population: 6.895m
Exchange rate: £1=1.035 dinar; $1=0.711 dinar
GNP: 5.481m dinars (£5.353m)
Per capita: 796 dinars (£776)
Trade:
Imports (goods and services): 2.145bn dinars
Exports: 1.165bn dinars

Thirty per cent of young people between 16 and 25 are out of work

Unemployment a major problem

THERE IS one economic problem that overshadows all others in Tunisia—unemployment.

The Government does not publish realistic statistics for its unemployed, but the bald facts are nevertheless easily stated. Tunisia has a population of 6.9m, of which about 55 per cent are under the age of 25. Some 20-25 per cent of the active population as a whole does not have jobs or is under-employed. Among the 16-25 age group unemployment is running at 30 per cent or more.

A large part of the unemployed are country folk who have drifted to the outskirts of the towns and now live in bidonvilles. These men and women are unskilled and not easy to employ. They are completely out of touch with the main political institutions of the country; they are constituents of neither the Parti Socialiste Destourien nor the Union Générale des Travailleurs Tunisiens—the trade union federation.

MICHAEL FIELD examines the main economic issues

It was people from the bidonvilles who provided the most violent elements among the rioters last January.

Other sections of the unemployed are unskilled traditional urban dwellers and people who are well educated but who lack technical training. Because the Tunisian educational system is biased towards the civil service and the professions there are actually shortages of applicants for scientific and technological jobs.

Those who are unemployed get almost no help from the Government. If a man has had a job and lost it he is given state benefit for a short period during which he is supposed to find another job but in practice the payments amount to little more than a small severance bonus. The rest of the unemployed, including all the school leavers, receive nothing at all. They are thrown on to the resources of their extended families.

These people are conspicuous in all Tunisian towns. They can be seen lounging on street corners looking bored and resentful, sitting in cafes spinning out a 100 millime cup of coffee over a whole morning or touting for business for tourist shops.

Although in Tunisia the gap between rich and poor is smaller than in almost any other Arab country, the resentment of wealth differences is probably higher than elsewhere in the Arab world. Because they are educated the young have aspirations.

Opinions differ as to how fast—or whether—the unemployment problem is getting worse.

The Government estimates that it needs to find 40,000 new jobs a year but this figure applies only to the net addition to the labour market from school leavers and does not include farmers drifting into the towns.

It is readily acknowledged that in the past three years the Government's target has not been met, in 1982, when the recession struck Tunisia, the shortfall was more than 10,000.

In itself the shortfall need not be important because the intention is that those who do not find work at home should go to Europe, Libya or the Gulf, earn capital and then return to establish employment-creating small enterprises. In practice it seems that these countries have not been taking as many people as the Government would like.

To try and improve the situation the Government has altered the emphasis of its development policies in favour of labour-intensive projects.

In the past year it has issued a general investment law which provides tax relief and subsidies based on the number of jobs companies create. It has also established a fund to assist new handicrafts and cottage industries and levied additional taxes on imports of capital equipment in the hope that contractors and manufacturers will be forced to rely more on labour and less on machinery.

In the longer term it is suggested that the Government could do much to create employment by working out a proper agricultural policy which would lead to greater investment in that sector and a reduction of the rural-urban drift.

The whole issue of unemployment and the creation of jobs in Tunisia has been brought to the fore by the riots of last January. These were triggered by the sudden removal of subsidies on all cereals and derivitive products, which caused the price of bread to double.

Given that the Tunisian Government spent TD 188m on foodstuffs subsidies in 1983, with most of the money going to cereals, the policy was sensible; it had the support of the International Monetary Fund and the Tunisian political and business establishment. However, it was put into operation ineptly. The entire subsidy was stopped at one time, instead of being staggered, and the removal came into effect a few days before a new system of aid for the poor was introduced.

Budget soon

Since the riots and the reinstatemet of the subsidy the Government has been preparing a new budget. The contents have not yet been published—the deadline by which the budget must be presented to the President is the end of March—but much of its provisions are known.

It is understood that it will contain high taxes on imported luxuries, minor price increases on bread and other staple foods, a tax on private foreign travel (which will have little effect because most Tunisian officials contrive for their trips abroad to be on the Government's behalf), and the postponement of some development projects financed by local (as opposed to other Arab and Western company) funds.

Apart from saving Government revenues it is intended that the budget should help improve the country's balance of trade. In the middle of last year the Government was prompted by the declining level of its reserves to reduce import licences for various consumer and capital goods to 80 per cent of 1982 levels.

There is a school of thought in Tunis which argues that instead of trying to work its way out of trouble by imposing extra levies in one area, while slightly reducing subsidies in another and restricting private sector activity in another, the Tunisian Government should consider a wholesale liberalisation of its economic system, or at least a thorough reform of the existing apparatus of regulations.

Those who argue in favour of this idea say that although they do not have an instinctive feeling—"a gut fear"—that the Tunisian economy is declining they cannot easily identify a plausible way out of the country's problems by mere adjustments of economic policies. They also argue that the Tunisian economy is strong enough and the Tunisians sufficiently politically sophisticated to tolerate a change in direction.

Supervision

The suggestion is that the Government should relinquish its very detailed and stifling supervision of the banks, remove the system of domestic price controls and lift the greater part of its exchange controls.

The price regulations extend far beyond the basic foodstuffs on which the Government pays a subsidy. They apply throughout the economy. They have been a major disincentive to industrial investment and have prevented the emergence of an efficient distribution system for agricultural produce.

The lifting of exchange controls would certainly lead immediately to an exodus of funds. It has been suggested by the Prime Minister that the country would need $2bn of deposits to fund the outflow.

In the longer term the obvious point is made that freer exchange controls would promote industrial investment by foreigners and encourage Tunisians to repatriate capital they hold abroad. Most rich and moderately rich Tunisians have foreign capital. Tunisian bankers say that they even meet people who have plenty of dollars or Swiss francs but who are short of dinars.

The problem with all aspects of liberalisation is that they would encounter the resistance of the bureaucracy. There is a large edifice of employment and personal prestige built around the regulation of the Tunisian economy and most of the country has become used to the apparatus of control.

The authority given to them by state regulations makes officials feel important. In the words of a banker: "It encourages parochialism. The officials get an increased sense of their own power and too little sense of their country being just one cog in the wheel of the world economy."

Main thrust of industrial development is linked with overseas companies

More foreign investment sought

TUNISIA RELIES heavily on foreign investment. Its oil industry is run mainly by European and American groups. The main thrust of its industrial development is linked to foreign companies.

In the past 12 years some 300 European companies have been encouraged by the Tunisian industrial law of 1972 to establish part of their manufacturing operations in the state (see the article on industry). All of the output of these plants is exported. At the same time a large number of foreign companies has become involved in mixed export-domestic industries.

The Government is now looking to Tunisian-Arab oil state development banks-cum-investment companies to provide between a third and a quarter of the $12bn investment called for in the sixth plan. The text of the plan does not actually state that the banks are expected to produce this amount, but informally the Government and the banks have agreed that it would be a reasonable target.

The investments of the banks are not part of any aid programme; they are being made on a more or less commercial basis.

In the view of the Gulf states and Saudi Arabia, Tunisia is much the most attractive recipient of investment in the Arab world. Indeed, it is the only Arab country, apart from Jordan, in which it has been found consistently that investments can be made easily and profitably.

The problem for the Tunisians is that they do not receive as much investment from Western companies as they would like, partly because the terms on which foreigners can invest are not quite as attractive as they might be.

One of the Government's initiatives, the opening of Tunis to offshore banking, has proved an almost total failure. The idea behind this policy, in the mid-1970s, was not so much to attract business that was leaving Beirut and so develop Tunis as an international banking centre, as once again to try to bring foreign capital into the country.

In practice the policy failed on both counts. Tunisia has no rich capitalist neighbours, as Beirut and Bahrain do, so there was little reason for banks to establish a regional base there.

Those banks that did come to the country found that the loans demanded by the foreign manufacturing companies established under the 1972 law were in the range of $200,000 or $300,000, which were too small to make the expense of operating in the country worthwhile. This left the Government and the oil companies as customers both of which could be financed from the banks' branches outside Tunisia. The offshore banks were not allowed to lend to domestic private sector clients.

Among Western banks, Chase Manhattan and Bankers Trust never established more than representative offices in Tunis. Bank of America opened an offshore branch but then downgraded it to a representative office, and Citibank opened a branch which combined the roles of an offshore bank and a regional headquarters for the corporation.

In the first role the Citibank branch is still by far the most active of the offshore banks in Tunis, being involved mainly in financing the oil industry. Its second role has recently been scaled down by a reduction of expatriate employees from nine to three.

The banks as a group have been influenced not just by the small size of the market but by other seemingly mundane considerations, which have also deterred some industrial companies from investing in the state.

Much the most important of these is the Tunisian Government's taxation of foreigners in the country. Taxes are levied on an expatriate'e income worldwide, which is deemed to include such company benefits as his house in Tunis, the education of his children and flights home for holidays. Marginal tax rates run up to 80 per cent.

Americans are hit particularly hard by these arrangements because their Government has no double tax treaty with Tunis.

Inevitably it is the company, not the employee, that pays the Tunisian taxes. Companies say that the fiscal regime, on top of the other expenses of maintaining an expatriate in Tunis, may increase the cost of their employee to four times the normal United States level.

The burden of personal taxes has been enough to cause some of the offshore banks and representative officers to consider whether there will be enough business in the near future to justify their maintaining their presence. Even the smaller oil companies, which have simple exploration or minor production operations and are pessimistic about the chances of further discoveries in the state, are taking personal taxation into account in considering their future.

It is thought that the Tunisian Government may do something to liberalise its tax regime fairly soon. Talks with the U.S. Government on a double taxation treaty are moving slowly—Tunisian officials do not feel that the broad issue of personal tax is very important—but the chances of individual companies negotiating tax concessions have improved, simply because so many corporations have complained in the past.

The sponsors of a group of 25 American companies who attended a recent two week study session on industrial investment in Tunis believe that they may negotiate tax concessions—mainly because of the number of companies they represent.

Apart from personal tax, the anxieties of foreign investors concern the repatriation of their profits and price controls on their local sales.

Complaints on the first score come mainly from oil companies, which in theory are allowed easily to repatriate their funds but in practice sometimes encounter difficulties.

The other issue affects companies operating in joint-ventures under the 1981 Industrial Promotion law. This covers plants which export part of their output and sell part internally.

Whatever the product of the plant, that part of the output that is sold within Tunisia will have its price controlled. The level will be determined by negotiations between the producer and the Government, but the gross margins allowed will almost always be much lower than is the norm in industrialised nations.

The regulations, of course, hit Tunisian entrepreneurs just as hard as foreigners. In Tunis one hears stories of chicken farmers slaughtering their stock and going out of business and factory owners closing the doors of their plants in despair and handing the keys to the President.

M. F.

TUNISIA III

How the bread riots tarnished the image of the Bourguiba government

Hard thinking follows jolt to elite

THE TUNISIAN Prime Minister, M Mohammed M'Zali seemed to emerge from last January's bread riots with a stronger hand. He was later confirmed by the 83-year-old President, Habib Bourguiba as the official "dauphin," and his principal rival within the ruling Socialist Destour Party (PSD), M Driss Guiga, was forced from his office of Minister of the Interior. But the Prime Minister's position is, in fact, now weaker than before the riots and his authority is contested by a growing number of Tunisians.

The decision to double the price of bread, a move which sparked off the protest movement in the South—from where it spread northwards to Tunis—was made by the Prime Minister, against the advice of two key economic ministers, M Mancour Moalla and M Azouz Lasram.

By FRANCIS GHILES

M Moalla was Minister of Planning until last summer when he was sacked after stressing that tax reforms were badly needed.

M Lasram resigned the Economic Affairs portfolio in October, after warning the Prime Minister and the President of the disastrous consequences that the doubling of the price of bread would entail.

The initial disturbances were largely spontaneous, but the Islamic Fundamentalist groups and rival factions within the PSD were later able to manipulate the demonstrations during which busts of the President were destroyed in various cities and crowds wailed as though the "Combatant Supreme" were dead.

Habib Bourguiba's decision to rescind the doubling of bread prices was greeted by cheering crowds but the move set a dangerous precedent: it swept the problem under the carpet and, in future, may only encourage other groups to believe that violent resistance to Government decisions pays off.

The President's reputation for firmness has been damaged and the authority of the Government dealt a heavy blow.

The need to call in the Army to maintain order for the third time since the riots of January, 1978, is also seen as a dangerous development.

Intrigues

The sticking point for any fundamental reforms remains President Bourguiba himself. He has been, to date, the best guarantee of stability of the system he has created, yet his general opposition to change makes a concerted move towards a greater degree of freedom of expression unlikely.

Furthermore, the intrigues around the Presidential Palace at Carthage, where rival clans fight for influence with the ageing President and his powerful wife, Wassila, have brought growing discredit on the country's ruling class, particularly among those Tunisians who are under 20 years of age and make up about 60 per cent of the population.

Tunisian politics have been dominated for half a century by the personality of Habib Bourguiba. The aged President has weathered more storms than any of his advisers or ministers, let alone many of his Arab and African peers.

In the 1930s he built up the radical wing of the Vieux Destour (old constitution) Party and broke away in 1934 to found the more modern and secular Neo Destour, (new constitution).

He refused to have any truck with the Germans or the Italians who occupied what was then a French colony during World War II. In 1956 he wrested independence from France, thus avoiding widespread bloodshed.

A few years later, he was the first Arab leader to argue that both Jews and Palestinians should have a natural home. His views have shaped the Tunisia of today which, despite the difficulties it confronts, can claim many achievements in its 28 years of independence.

Up to the mid-1960s, the single ruling Neo Destour Party remained a forum where real issues were debated. Most shades of Tunisian opinion were represented in its ranks. The only serious opponent of Habib Bourguiba who had become President in 1957, after eliminating the Bey, the last ruler of Turkish descent who had held sway for four centuries was Salah Ben Yussef, who was eliminated soon after independence.

Tunisia also boasted at the same time, to have one of the only powerful trade union movements in Africa: the Union Generale des Travailleurs de Tunisie (UGTT) which had lost its revered leader, Ferhat Hached, assassinated by French police officers a few years before independence.

In the 1960s, Habib Bourguiba gave his blessing to a full-blooded socialist experiment, led by Ahmed Ben Salah, who remained Tunisia's economic overlord for the best part of a decade. The achievements of that decade were mixed, but the experiment ended in failure as production on the land collapsed: the opponents to M Ben Salah's policies gained the upperhand.

In 1969, President Bourguiba, in the words of one of his advisers, "made his own coup d'etat" by sacking M Ben Salah and initiating a period of very liberal economic policy. That action paid dividends economically, but increased the gap between the new rich class and the poorer sections of the community. The Prime Minister, M Hedi Nouira, was a capable economist but politically unable to deal with the growing restlessness of the new working class and the younger generation.

M Mohammed M'Zali, Prime Minister: honeymoon with Tunisian people is over

The President's health has deteriorated since 1969, his grip weakened while his entourage has encouraged a growing cult of his personality. The older generation of Tunisians still very much respects its leader, but to younger Tunisians independence is not even a memory—and Bourguiba not a revered figure.

The Neo-Destour, meanwhile, renamed the Socialist Destour Party, has ossified and today is little more than a collection of "rais chaaba"—local chieftains, more intent on holding sway over ordinary citizens than animating any kind of political debate or presenting popular grievances to the rulers. The PSD's failure to guess the likely popular reaction to the doubling of bread prices illustrates how out of touch it has become.

The bloody riots of January 1978, which came as the result of a clash between the government of M Hedi Nouira and the UGTT, led by a shrewd old war horse, M Habib Achour, revealed how deeply divided the ruling party had become and what damaging consequences the general hardening of the PSD arteries could have.

The Libyan inspired raid on the southern town of Gafsa, two years later, was a further blow to M Nouira, who was struck down by a stroke a few weeks later.

Jacques Perez

Tunisia's capital, Tunis, dominated by imposing minarets: Islam groups were nevertheless banned from contesting the elections

His successor made o promising start in April 1980. M Mohammed M'Zali is a politician with a populist touch—a master of the Arabic language which his predecessor was not. His appointment was welcomed by most Tunisians. He pressed President Bourguiba to organise elections where Tunisians would, for the first time since 1956, be given a choice of candidates for whom to cast their vote, and succeeded in coaxing him towards accepting a greater measure of democracy—before the election of November 1981, three new parties were allowed to canvass for support:

- The Socialist Democratic Movement (MDS), led by M Ahmed Mestiri, a former Minister of Defence and close adviser to the President.
- The Communist Party, which had been banned in 1963.
- A breakaway faction of the Movement de l'Unité Populaire (MUP 2), the base of which is still led from exile by M Ahmed Ben Salah.

Banned

Islamic groups, however, (MUP 2), the base of which is were banned from contesting the elections. The edict includes even those whose aims have been expressed in terms which respect the constitution. However, the widespread rigging of the poll, retrospectively, to have marked the end of M M'Zali's honeymoon with the Tunisian people.

Senior Tunisians conceded, privately at the time, that the election of one candidate from an opposition party would have convinced most Tunisians that *further reforms* could be initiated, within the framework of the existing system.

The Prime Minister was in earnest in his desire to allow greater freedom of expression: but he was thwarted by powerful interests within the PSD which could not (and to this day cannot) conceive of losing the smallest slice of power it has held for close to a generation.

Although the shackles on the Press have been lightened since 1981, the Government's reputation—suffered a serious blow, particularly among the younger generation and the professional classes which, traditionally in Tunisian history, have carried much weight.

The infighting among "clans" which has continued in earnest since 1981, the loss of key economic ministers last year and what appears to many to be a perpetual game of musical chairs among senior ministers, provincial governors, managers and senior diplomats, all these factors have promoted a feeling of cynicism about the ruling group. The feeling is strongly echoed in what remains one of the more educated and competent civil services of the Arab world.

Challenge

The Islamic Fundamentalists, whose activities are not officially tolerated, and whose influence is visibly increasing, are mean while kept away from public debates. Yet they provide the most serious challenge to the Tunisian regime—should the political and economic climate deteriorate further.

Arrests last year, notably among junior ranks in the army, are a cause for concern—and not just among Western diplomats in Tunis.

The riots of last January suggest that Tunisian rulers are rather out of touch with the basic needs of many of their countrymen. Even more worrying was the fighting at the lop which went on throughout the week of disturbances and led to the sacking of the Minister of the Interior, M Driss Guiga. His reluclance to tighten security after the first disturbances in the south is still unexplained and his close alliance with the President's wife, whose relations with M M'Zali are notoriously bad are not, even two months after his sacking, making the governing of Tunisia any easier.

The divisions among the ruling factions in the PSD are mirrored by divisions in the UGTT, whose leadership is split between the ageing M Habib Achour and the highly educated, articulate and much younger M Taieb Baccouche.

To confuse matters further, a new union was set up, some weeks ago, by dissider's of UGTT protesting at the lack of democracy in the old union. Competition for the favours of the working and white collar class can only heighten tension, and the rash of strikes which preceded the announcement of the new budget was widely anticipated.

It is worth noting, however, that workers stoutly defended factories and machines in January when demonstrators attempted to force their way into factories or set them ablaze.

For all the country's present difficulties, it is fair to say that Tunisian political life allows greater expression of opinions than is true of most Arab and African nations. However, the firm, but enlightened, rule which is a precondtion to a nascent democracy is lacking.

The difficulties at present facing the Government of M. M'Zali are the consequence of the country's fast development during the last three decades.

The political structure has been allowed to gather dust. The succession of great men is never easy. Tunisia is saddled with a problem which is familiar to other Third World countries.

Guide to ownership of development banks

- **Banque Developpement Economique de Tunisie (BDET):**
  Ownership: Established 1959. Owned 59 per cent by state, state corporations and private Tunisian shareholders, 41 per cent by foreign shareholders including International Finance Corporation.
  President DG: Habib Bourguiba Jr.
  Address: 68 Av Habib Bourguiba. Tel 340811.
- **Banque Nationale du Developpement Touristique (BNDT):**
  Ownership: Owned by state, Tunisian corporate and private shareholders, Consortium Tuniso-Koweitien de Developpement, and tha Arabian-Tunisian development banks listed below.
  President DG: Sadok Bouraoui.
  Address: 31 Av de Paris. Tel 345200.
  Comments: Until recently was Compagnie Financiere et Touristique (COFIT).
- **Societe Tuniso-Seoudienne d'Investissement et de Developpement (STUSID):**
  Ownership: Established 1981. Tunisian and Saudi governments 50-50.
  President DG: Sadok Bahroun.
  Address: 29 rue Asdrubal. Tel 287233.
- **Banque Tuniso-Koweitienne de Developpement (BTKD):**
  Ownership: Established 1981. Tunisian and Kuwaiti governments 50-50.
  President DG: Mohammad Brigui.
  Address: 3 Av Jean Jaurès. Tel 340000.
- **Banque Tuniso-Quatarie d'Investissement (BTQI):**
  Ownership: Established 1982. Tunisian and Qatari governments 50-50.
  President DG: Mohammad Moncef Zaafrane.
  Address: 3 rue du Kenya. Tel 288451.
- **Banque de Tunisie et des Emirats d'Investissement (BTEI):**
  Ownership: Established 1982. Owned 50 per cent Abu Dhabi Investment Authority (ADIA), 35 per cent Tunisian Finance Ministry, 15 per cent Tunisian Central Bank.
  President DG: Moncef Kaouach.
  Address: 5 Bd Philippe Thomas. Tel 282311, 894470.
- **Banque de Co-operation du Maghreb Arab (BCMA):**
  Ownership: Established 1981. Tunisian and Algerian governments 50-50.
  President DG: Salaheddine Ben Mubarek.
  Address: 70 Av de la Liberté. Tel 894311, 894738.
- **Banque Nationale de Developpement Agricole (BNDA):**
  Ownership: Established 1983. Owned mainly by Tunisian government and state and semi-state organisations. Other shareholders include banks and private citizens.
  President DG: Habib el Hadj Said.
  Address: 3 rue Jugurtha. Tel 288177, 289217.
- **Tunisian-Libyan Bank:**
  Ownership: This institution has not yet been established, though the two governments have reached agreement on it. It is also intended that there should be a Tunisian-Libyan offshore bank.

Oil has vital role in economic growth

THE NAME of Tunisia is not usually associated with that of an oil-rich country—and, indeed, the smallest of the three North African countries did not belong to the Organisation of Petroleum Exporting Countries (OPEC). It only joined the ranks of the Organisation of Arab Oil Producing Countries (OAPEC) in 1982, after much opposition from its troublesome southern neighbour, Libya.

Tunisia's role in international oil politics may be negligible, but the average 100,000 barrels a day it has produced since 1974 have played a key role in maintaining the country's steady rate of economic growth.

Crude oil exports remain, to this day, Tunisia's major hard currency earner and have since oil was first struck in commercial quantities in 1964 at El Borma, provided a major contribution to what has traditionally been a weak balance of payments.

The decline in the valne of oil exports has increased the apprehension in senior Tunislen official circles, that some industrial projects planned in the current Economic Development Plan may have to be delayed. Tha postponement of the planned $500m extension to the Bizenta oil refinery is partly attributable to this factor.

But not all news is bad: Algerian gas to Italy is now flowing through the Trans-Med pipeline and Tunisia takes its "transit fee" in kind.

Meanwhile, the state oil company, Entreprisa Tunlsienne d'Activities Petrolieres (ETAP), has just signed an agreement setting up Paktank Mediterranee with the Rotterdam based Paktank Europa to suparvise the construction of a petroleum products storage terminal at La Skhira.

Ambitions

It will be used for storage and blending of petroleum products moving between the Middle East, Europe and the U.S. and serve *refineries* being built in Saudi Arabia and Kuwait, as well as process products from Soviet and Libyan refineries.

President Habib Bourguiba, was once quoted as saying that "being a small producer of oil, rather than a large one, was probably a blessing in disguise for Tunisia." This meant that Tunisia did not nurture economic ambitions above its station and ensured that more traditional ectivities in industry and agriculture were not deserted for what might be the mirage of new-found oil wealth. Retrospectively, the president can only be said to bave been right.

Yet, as the production of crude oil declined in 1981 and 1982, for technical reasons and not because of the worldwide oil glut, senior officials in Tunis can be forgiven for wishing that their country was just a little richer in oil and gas.

Tunisian officials and foreign oil companies drilling in Tunisia agree that there is little promise of a major oil or gas find. Yet the money being spent on exploration is still increasing: from 480 dinars (£511m) during the last Economic Development Plan (1977-1982) to 730m dinars during the current Five Year Plan (1982-1987).

More than two dozen companies are actively drilling, onshore and offshore, and the five or six blocks which Etap farmed out for further exploration last year found sufficient bidders. The Kairouan Nord block went to Kuwaiti Foreign Petroleum Exploration Company (KFPC) and *Elf Aquitaine* Kairouan-Sud to KFPC, the Zarzis block was won by Marathon and Svenska Petroleum while Gabes Meridional went to Natomas.

The Didon Elyssa block was attributed to Penzoil and Rutherford while Conoco won Gabes Ouest.

Tunisia bas been reasonably successful in attracting foreign companies to explore not least because the country has been politically stable for a long time.

However, the level of tax on the companies, particularly those who have not been pumping oil and are simply engaged in exploration is felt to be getting too heavy. The very tough stance the Central Bank is taking on the remittances of profits out of the country is causing a fair degree of bad blood with some companies.

All companies agree that the Tunisian authorities have made a habit of not changing the rules of the gama arbitarily. *The Minister of Economics who* is responsible for the energy sector has made clear thet "he does not want oil companies to lose money": M Azouz Lasram, who bald tha portfolio for three and a half years until last October, made the companies feel that bis door would always be open to foreign companies if they felt they bad a problem.

The foreign oil companies do, bowever, bemoan what they feel is tha absence of long-term policies where oil exploration is concerned. They argue that they often need a quick "aye" or "nay" from the authorities when they stumble across an unforeseen difficulty in the area they are prospecting. Quick decisions are not always forthcoming, though the speed with which M Sadok Rabah, the director of production and exploration, deals with his new department's affairs has given the companies some ground for optimism.

Recent oil and gas discoveries owe much to the switch in policy implemented in the late 1970s. After the discovery, in 1971, of the offshore oil field in Ashtart which is operated by Elf Aquitaine and Erap, and with the exception of the offshore gas field of Miskar, which will not be developed until a later stage, the 1970s yielded very meagre results.

This led the Tunisian euthorities to thoroughly re-assess their policies. They decided to farm out smaller blocks, thus intensifying exploration; they started to prefer smaller companies, notably from the U.S., who might have more incentive to explore thoroughly than some of the majors who had long been present in Tunisia.

In some respects, Elf Aquitaine and Total, the two major French groups, were the victims of *having* explored for so long in Tunisia, without much luck. Both today accept that they needed to review their methods of exploration. New techniques bave also played a role in recent successes, all the more so as the country is, in geological terms, extremely complex.

Sophisticated techniques are thus more likely than elsewhere to result in new oil finds. For instance, Shell has developed a *tanker-based floating production* system which it is using to pump oil from the offshore Tazarka field. Such a system is of use to recover oil from small fields which may bave as little as 8m barrels of recoverable reserves and which are remote from shore-based facilities.

Concessions

Oil is being found in areas which have been explored before. As a result, companies are trying to reclaim concessions given up as hopeless only a few years ago. Snch is the case of Elf Aquitaine, near Kairouan: it surrendered, there, a concession in 1979 which it has successfully reclaimed — this tima with an ally in tha form of the Kuwait Foreign Petroleum Exploration Company. Similarly, Marathon, which had handed back to Erap part of its concession in the south-west reclaimed it after *oil and gas* were struck at El Franig in 1981-82.

For Total, the story is a less happy one. It has not been lucky onshore, while three-quarters of the offshore concession it held, together with Agip of Italy and Elf Aquitaine, in the Gulf of Gabes, were lost to Libya when the International Court of Justice ruled in favour of Tripoli two years ago, in the sea demarcation dispute between the two countries.

The loss is all the more keenly felt as geological surveys suggest that there was a good chance of finding oil.

During the last-but-one round of concessions, four years ago, about 75 per cent of Tunisian territory was allotted for three or four years to foreign companies.

That percentage has been increased to nearly 100 per cent by the concessions handed out last year. Here again, the Tunisians have switched from the practice of granting concessions to a given company to the generalised use of competitiva tenders.

Research has been boosted by the new policies, while the Tunisians have benefited much from the foundation of ETAP, nina years ago.

Concern had been expressed four years ago at the lack of new discoveries and it was feared in Tunis that the country might have to import energy after 1986. That fear has now receeded, but the energy team, built-up by M. Lasram, is intent on insuring that, into the 1990s, Tunisia will be able to continue exporting the same volume of oil as in recent years.

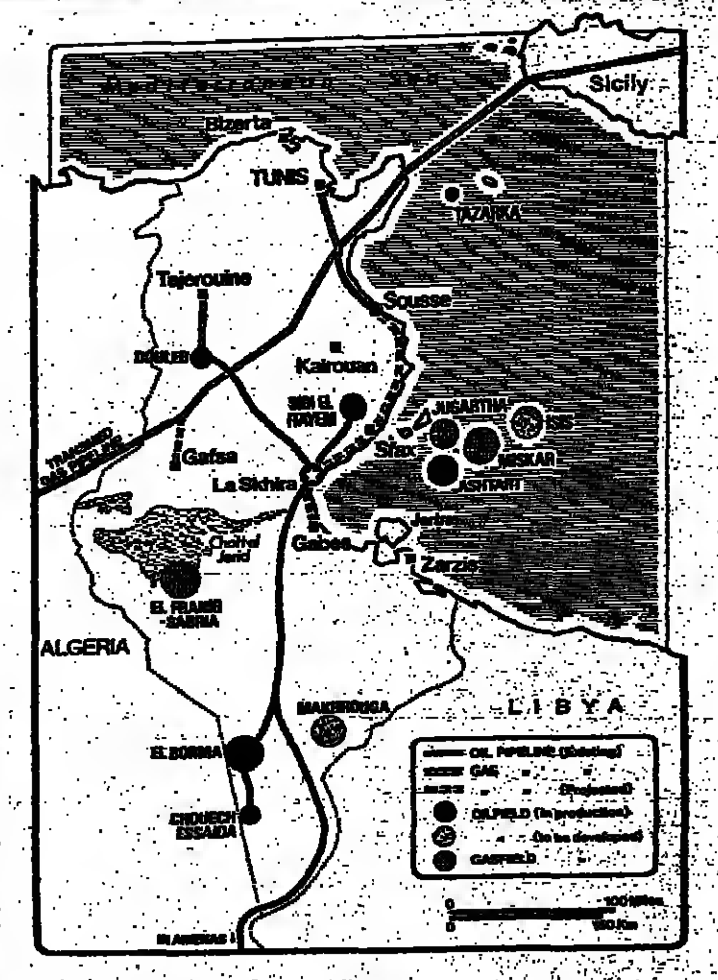
That policy is crucial if Tunisia's balance of payments is not to deteriorate further and the country's economic independence put in jeopardy.

The authorities are acting on two other fronts to conserve energy. First, they have increased domestic energy prices since 1980. Second, they have initiated sector studies to find out how trains, boats and heavy lorries can save oil and fuel.

While it was not a party to the events which brought about the large increase in the price of oil nearly 10 years ago, Tunisia has benefited considerably. The authorities were slow to adopt a more dynamic policy of research for oil but the reassessment carried out on that front in the late 1970s has already yielded handsome dividends.

However, good relations between the foreign oil companies and the Tunisian authorities remain the key to Tunisia's future as an oil and gas producer. Tunisia simply does not have the means to conduct the thorough exploration programme needed to locate new oil resources. That is even more true at a time of growing political volatility domestically and when the world price of oil is balanced on a knife edge.

Francis Ghiles



TUNISIAN OIL PRODUCTION AND EXPORTS

	1979	1980	1981	1982	1983
Production*	5.54	5.53	5.35	5.11	5.46
Net Exports*	3.94	3.92	3.77	3.6	3.97
Value†	320	460	530	550	620

* In millions of tons. † In millions of dinars.

Source: FT estimtes.

PHOSPHATES AND CHEMICALS SECTOR

Long-term plan is paying off

IN SPITE OF the current unhappy state of the pbosphate market, managers of the phosphate industry in Tunis can afford to take a rather more relaxed view of the situation than other Third World producers, notably Morocco.

The reason is that they expect to export 1.3m tons of rock this year — a figure sligbtly above those for 1981 (1m tons), 1982 (1.1m tons) and 1983 (1.2m). Domestic use of phosphate rock has increased more than threefold in five years and is expected to reach 6.1m tons in 1984. A number of phospboric acid and other downstream industrias bas come inm production over the past decade, thus allowing Tunisia to reap the benefits of a clear-sighted and well-managed plan to build up the country's capacity to process phosphate rock.

Decision

The initial decision to set up such processing industries was taken nearly 30 years ago, before Tunisia became independent. The then French owners of the *mines, which* are concentrated around Metlaoui in southern Tunisia, not far from the Algerian frontier, wanted to add value to whet bad long been low-grade rock.

Keen to develop new technologies, they built the first triple superphosphate (TSP) plant in the world. It started operating in Sfax, the country's second largest city, wbich lies half-way down the country's east coast, in 1952, four years before Tunisia became independent.

The Tunisians bought ont the French sharebolders a few years later, but this in no way slowed the impetus to build up the downstream side of the industry. An added incentive was the country's desperate need for bard currency, especially in the early years after independence.

Two groups are in charge of the phosphate sector today—the Groupe Chimique Tunisien includes all those units involved in transforming phospbate rock, while the Compegnia des Phospbates de Gafsa, which has recently moved its headquarters from the capital to Metlaoui and will finally settle in Gafsa next year, looks after the mining proper.

The Groupe Chimiqua Tunisien co-ordinates the activities of the string of companies set up in Sfax and Gabes, under tha aegis of M Ali Boukhris who bas been the driving force behind this sector since independence. There is no doubt that the continuity his presence have provided, and the absence of political interference, has helped shape a group which foreign specialists in the field say is among the best in the Third World.

In Tunisia itself, many senior members of successive administrations take the Groupe Chimique Tunisien's success for granted: in many ways it la the unsung baro of the country's drive to industrialise.

The quality of management, the very bigh capacity at which the plants operate, the shrewd marketing techniques and injection of atrong doses of foreign equity, all can be quoted to explain the high regard with whicb this sector is beld.

CONTINUED ON NEXT PAGE

The industry must move up-market to continue to attract holidaymakers

Tourism faces major changes

DESPITE being overtaken in the late 1970s by the oil sector, tourism remains Tunisia's second largest hard currency earner, just ahead of workers' remittances.

For a country with relatively few resources, the estimated 350m dinars brought in by tourism last year—more than a tenfold increase in a decade—is appreciable and all points to a further long-term development of this sector.

How the military harbour at Carthage might have looked 2,500 years ago. A British archeological team excavated the site of the Phoenician city, which lies a few miles north of Tunis, as part of the Unesco-Tunisian Save Carthage project and provided a model. A painting by Peter Connolly of that model is shown above

Yet the tourism sector is facing an increasing degree of criticism. Critics argue that hotels receive too much state help, that land and water are provided too cheaply, that 2m foreigners a year have a corrupting influence on young Tunisians.

In many ways, the critics may be missing the main point: the tourist sector in Tunisia will have to undergo major changes if it is to meet the challenge of mid-1980s.

The problems it faces today are in some ways more complex than those it had to contend with until the late 1970s—in particular, the Tunisian dinar today is probably overvalued. This is certainly true for visitors from Europe who, since 1982 have seen their choices helped by the devaluation of the Spanish, Portuguese, Yugoslav and French currencies.

All these countries are direct competitors and the two-thirds drop in tourists from Britain between 1981-83, is, in part, the result of higher costs. But tourists also complain of lack of entertainment and an environment which is seldom a match for what they can find on the Mediterranean's northern shore.

The tourist sector today accounts for between 4 and 4.5 per cent of Tunisia's GDP. About 450m dinars will be invested in the course of the current plan, of which 110m dinars have already been released. Around 30,000 new bedrooms are planned before 1986, 10,000 of which have been started, which will bring the total to 110,000. Overall, one quarter of all investment will come from foreign sources, notably Kuwait and Saudi Arabia.

Critics centre on two aspects of this development. It is too ambitious, they argue, to which the authorities point out that Tunisia is beholden to the charter market and needs to offer a *ready choice of hotels.*

Only 1-1½ per cent of British travellers to the Mediterranean visit Tunisia; by offering a wider choice of hotels and resorts, the authorities feel they should be able to win a greater share of the market.

Critics also argue that state aid and grants are too generous. They are, where purchase of land and building of infrastructure are concerned, but no more than what Spain and Greece offer.

What the Tunisian authorities could avoid is the considerable speculation that has pushed up land expropriated around Sousse for example from 0.3 dinars a square metre six years ago to 22.24 dinars today.

More Jobs

The authorities have, from the beginning, restricted to 15 per cent the important content of any one hotel. The building of hotels has thus, over the past decade, provided a considerable boost to the building sector and to Tunisian manufacturers of furniture and textiles.

Every hotel bed is estimated to have created 0.4 jobs—32,000 jobs in all, of which 6,000 are seasonal. For every job which results directly from hotels, a further 3.5 have been created in agriculture, transport, services and crafts. For instance, 60 per cent of all Tunisian carpets and copperware are exported.

Hotel accommodation is available all along the coastline from Tabarka in the north, to Djerba in the south, giving between 70,000-80,000 beds in the country as a whole.

Tourism has developed very fast and too many tourists crowd into a narrow strip of coast between Hammamet and Sousse, as well as Djerba. Few go to the north, to the Sahara or to the many Roman sites scattered around the countryside.

However, the authorities have succeeded in extending the tourist season, thus making more jobs in the industry a little less seasonal and ensuring a better return on capital invested. But they have failed so far to attract tourists inland—something which would yield great economic dividends as the hinterland is much poorer than the coastal region — yet the south, in particular, would be very attractive to Europeans, *especially during winter* months.

Another concern — though one the authorities are less *keen to voice publicly* — relates to the social side effects of the large number of tourists to Tunisia.

The bulk of the 1.5m plus foreigners who visit Tunis every year are European, although the number of visitors from Algeria and the Middle East is on the increase.

Tunisia has also succeeded in *attracting a number of conferences,* particularly during the spring and autumn months. The completion of the luxury resort of Sousse-Nord is expected in 1985, and will offer a wide range of hotels and other facilities, from yachting to golf.

A number of international hotel groups are building hotels in the country among them Hyatt—in Monastir—and the Kuwaiti-Tunisian Abu Nawas group which already operates the very attractive "Baie des Singes" on the coast near Tunis, and the "Diar El Andalus" at Port El Kantaoui.

None of these, however, is likely to challenge the delight of the small privately-run "Djerba Menzel" on the island made famous by Ulysses, "the island of the lotus eaters."

The first generation of hotels in Tunis, notably the Meridien's "Africa" in Tunis are not all as good as they once were, but new luxury hotels are growing up in the capital and many tourist resorts. In Tunis, they are supplemented by a good selection of private restaurants, though this is not true outside the capital.

This type of luxurious development is, however, criticised by some Tunisians who feel that it attracts the wrong sort of tourist and can only fuel social and economic grievances in the country.

But given the scarcity of resources the Tunisian authorities have little choice but to press on.

The growing influence of Muslim Brothers has already led to the banning of topless sunbathing and the authorities have to walk a fairly narrow path between pleasing the tourists—and some Tunisians—and respecting religious traditions and the mosque. The socially disruptive effects of tourism—for example, *rising prices and the spreading of European attitudes*—are there for all to see, however—and the film "Le Soleil des Hyenes" *illustrated some of these effects* most graphically.

Since 1982, the rate of occupancy in Tunisian hotels has declined. The stagnation and, last year, the decline in the number of tourists from European countries, is forcing the authorities to look more carefully at the Tunisians' "product." The competition is all the more daunting as mass tourism is a cut-throat business.

With over 1½m tourists every year, Tunisia is aware that it must take its "tourist image" up-market and that is the challenge of the next decade.

Further developments in the chemical industry

CONTINUED FROM PREVIOUS PAGE

The Groupe Chimique Tunisien includes five different companies: SIAPE, ICM, SAEPA, EG and CGT. Two further, much smaller units, based in Sfax and Tunis, produce granulated hyperphosphate and pesticides. SIAPE, which is based in Sfax produces 530,000 tons of TSP from one of the group's older factories. Its capital is 98 per cent Tunisian, the Dutch Windmill company retaining a 2 per cent share.

ICM, Industries Chimiques Maghrebines, thus named because the industry was initially planned to include three North African countries, based in Gabes, produces 430,000 tons of phosphoric acid, 100,000 tons of TSP and 60,000 tons of BCP (bicalcic phosphate) every year. Its capital is split between the Tunisians (51 per cent) and the Kuwaiti Petrochemical Industries Corporation (KPIC) (49 per cent).

SAEPA, Societé Arabe des Engrais Phosphates et Azotes in Gabes, employs 1,000 people and produces 330,000 tons of phosphoric acid, 330,000 tons of Diammonium phosphate and 300,000 tons of Ammonitrate a year. Its capital includes a 40 per cent stake which belongs to the Abu Dhabi National Fund.

E.G., Engrais de Gabes, produces 100,000 tons of MAP (monammonium phosphate) from its factory in Gabes.

GCT, Gabes Chimique Transport, owns six ships, of which one is out on loan, and will soon take delivery of a seventh. The Groupe Chimique's ability to carry the different products it makes has given it great flexibility in marketing and helped foster steady relations with countries as far afield as Indonesia, India and Iran.

Links with Kuwait are particularly close, not least because of the amount of capital this oil state has invested in Tunisia's industry. The Tunisians recently agreed to buy ammonia in Kuwait, treat it in Tunisia and sell it in Europe. Tunisia is also sending its own engineers to Kuwait to help build a DAP (diammonium phosphate) plant while another offshoot of the Groupe Tunisien, Tunisia Engineering and Construction Industrielles (TECI) is busy in Turkey. Tunisian patents for producing phosphoric acid and TSP have been sold to several countries, including Greece and Turkey.

During the current Five Year Development Plan, about Dinars 280m ($383m) will be invested, notably in plants in Gabes and La Skhir. A further Dinars 47.5m will be invested to modernise and maintain existing plants.

In addition to phosphates, Tunisia is soon to launch into developing potassium deposits in Zarzis, near Djerba. A potassium chloride and a magnesium oxide plant are on the cards for the late 1980s.

From TSP 30 years ago to merchant grade phosphoric acid in the 1970s and the current blossoming of a fully-fledged Tunisian chemical industry—the phosphate sector has come a long way. Buying out foreign shareholders initially achieved the "Tunisification" of the phosphate industry and that ensured that Tunisians controlled both the technical and commercial sides of the industry.

The decision of Middle East investors to buy a share in various companies in recent years was primarily an investment decision and leaves operational and planning control firmly in Tunisian hands.

The modernising of the mines proper has met with far less success. During the current Economic Development Plan, $125m is being spent on modernising old mines and developing new ones. An important new mine is being opened at Sri Ouvertane in north western Tunisia but will not be producing rock for some years yet.

PHOSPHATE ROCK	PRODUCTION	DOMESTIC USE	EXPORTS	AVERAGE PRICE/TON
	tons	tons	tons	($)
1982	4.7	3.8	1.1	42
1983	5.8	4.2	1.2	37
1984	6.1	4.8	1.3	32

The energetic director-general of the Compagnie des Phosphate de Gafsa, M. Mohammed Fadhel Khelil, accepts today that the modernisation programme undertaken after 1974 went badly wrong.

The result is that many parts of the programme must be gone over again, at even greater cost.

Tunisia is handicapped also by the fact that, unlike phosphate mine owners in the U.S., it cannot afford to close the *mines temporarily* when world prices tumble, as happened after 1980. Phosphate mines are the *main* employer *in* the poor southern region around Gafsa and the miners' union is one of the bastions of the trade union *movement,* the Union Generale des Travailleurs de Tunisie.

Recognition of past mistakes, greater concern shown to the needs of miners who live in very shabby towns — Metlaoui, Redeyef, Moulares — are a very long way in time and amenities from the likes of Monastir and Sousse. The quality of management should help the modernisation programme this time round. It should also mean that a more steady flow of similar quality rock to the different chemical units on the coast, and help the planning of the transport of wet phosphate rock for the SIAPPE project and other key developments which will help make the sector overall more profitable.

The successful development of these downstream industries earned *Tunisian exports $200m* in 1981: that figure is expected to rise to $400m this year, thus running the textile and leather sector a very close second. It will be 85 years this year since phosphate mining was started around Gafsa. Having led the way in developing a phosphate based industry just before and after independence in 1956, the Groupe Chimique Maghrebin is now successfully building a broadly based chemical industry.

For what it provides in terms of training and modern skills, what it earns in terms of exports and for the fertilisers it provides to domestic agriculture, the phosphate sector can claim great success. *Self-reliance as an integral part of industrial development has been quietly and effectively practised — never preached at the developed world.* It is a success story with few equals in the Third World, and one which too few Tunisians know of.

Francis Ghilès

Moves to strengthen manufacturing base

FOR THE past 12 years Tunisia has looked to small-scale manufacturing as the best means of alleviating its unemployment and raising the standard of living of its people.

By MICHAEL FIELD

Since it established the Agence de Promotion des Investissements in 1972, employment in industry outside oil and phosphates has increased by about 180,000. Most of the jobs were created during the surge of industrial investment in the 1970s. The early 1980s have seen a sharp decline both in new jobs and new companies, mainly because of the world recession.

Now the Government is making an effort to revive the rate of growth by attracting vehicle and machinery companies, mostly from Germany and France, and encouraging small American companies to think of Tunisie as a manufacturing platform from which they can export to the rest of the Arab world.

The first Tunisian industrial development programme was launched in 1972 and was designed to attract (mostly) foreign companies which would manufacture entirely for export. This normally meant re-import into their home countries.

The companies were excused all corporate taxes for their first 10 years of operations and were exempted from customs duties permanently. From the Government's point of view their benefit was simply that they brought foreign currency and created employment.

Some 330 companies, employing 40,000 people, have established operations in Tunisia under the 1972 law.

About 100 of the companies are German and slightly fewer French; most of the rest are Italian, Belgian, mixed Tunisian-foreign and purely Tunisian.

Much the most common type of investment has been in textiles, which accounts for some two-thirds of the German firms in the state. A large number of other factories produce small electronic goods, such as dynamos and computer parts, which may be used in complex machines but in themselves are simple to make.

In all of these factories most of the employees are women, not because they are any longer cheaper than men but because they are better workers in these types of industries.

The typical textile company imports its cloth by truck from Germany, cuts and sews it and packages the finished product in e rather rudimentary factory on the outskirts of a northern Tunisian town, and then trucks its output back to e distribution werehouse at home.

Comparisons in labour costs

For the foreign companies the attraction of Tunisia is the cost of its lebour, which is reasonably cheap, though well above the levels of Morocco and Egypt, combined with the efficiency of its bureaucracy.

Accurate calculations of labour costs are greatly complicated by e vast, French infinenced structure of bonuses, allowances and special periods of paid leave.

The basic minimum wage for e temporarily employed worker in most plants—there are some variations eccording to the type of industry—is just under $1 an hour.

The bonuses and social security contributions increase the cost of the average regularly employed textile worker to about $1.30.

At first sight this compares very well with wage rates in Germany where textile workers receive a minimum of $5 an hour. When productivity is taken into account the Tunisians are slightly less competitive.

The Tunisian textile worker produces only 70-80 per cent of what her German counterpart does, so a more useful comparison of wages would be based on the assumption that a Tunisian worker costs a company an hourly wage of $1.90.

In electronics, where the work is simpler and the training required much less, Tunisian productivity has been found to be much the same as the productivity of workers in Europe.

Two years after introducing the legislation which attracted the textile companies, the Tunisian Government passed a law to encourage domestically-orientated industry. This law of 1974 was revised in 1981. The legislation makes companies eligible for long-term credit from the country'a tightly-controlled banks. (The "1972" foreign companies are not allowed to borrow from local "on-shore" financial institutions.)

It allows minority foreign participation in projects if the foreign companies are bringing in new technology or opening new markets; it gives investors tax privileges and exempts them from import duties on materials that go into goods that are lster exported.

Some of the incentives are graded according to the numbers of workers the companies employ and the areas of the country in which they invest. For this purpose Tunisia has been divided into five types of zone, with the best privileges applying to the inland and southern regions.

Under the 1974 and 1981 laws so far some 7,000 companies—mostly small Tunisian concerns—have been established and 140,000 jobs created.

What has changed in Tunisian industrial policy in the 1980s, apart from the revision of the 1974 law, concerns the type of companies that the Governmeot is trying to attract.

The Government realises that the rate of errival of new textile companies is bound to drop and, anyway, it now wants to gain a bigger transfer of technology, more training for its people and more male employment.

The emphasis in the 6th Plan, which runs from the beginning of 1982 to the end of 1986, is on creating mechanical and relatively sophisticated electrical industries.

Eight major automobile and engineering companies have assembly plants under construction or already on stream. The corporations are Peugeot, Renault, Daimler-Benz, Volkswagen, Klöckner Humbolt Dentz, Fiat, Volvo and General Motors.

Most of the assmbly plants are quite small; by far the biggest is Peugeot's, which is designed to produce 18,000 cars and pick-ups a year.

For the Tunisians the most desirable projects are the Klöckner tractor plant, which is already on stream, and the same company'a diesel engine plant. These are geared to selling their production in the Maghreb as a whole and are calculated to involve 70 per cent value added in Tunisia.

Three of the auto companies—Peugeot, Renault and General Motors — are establishing separate, export-orientated spare parts plants.

Most recently the Government has made a drive to attract American companies. So far, there are only two of these in the state — General Motors and Standard Brands.

Any new American industrial companies in Tunisia will obviously be too far from their home market to want to re-import their output. The idea is that they should use Tunisia as the base of a manufacturing operation which will export to the rest of North Africa and the Middle East.

American investment in Tunisia has heen promoted by a two week atudy session, sponsored by the Sandi-Tunisian development bank and the U.S. Government's Trade and Development Programme, which ended in Tunis at the beginning of this month.

The project involved 25 companies—mostly fairly small new technology firms—of which it seems probahle that seven or eight will invest in the country.

The Agence de Promotion des Investissements, which is involved in formulating industrial policy and encouraging investment but does not provide finance in the way that Arabian oil state industrial banks do, is holding a shorter conference for 70 American companies, in Sousse, later this month.

Trade unions are strong

In May, it has arranged for 40 American firms to talk to Tunisian entrepreneures at a conference in Hammamet, with the intention that the meeting should lead to the establishment of joint-ventures geared to the local market.

Most of those companies that have already invested in Tunisia are happy with the results. But they acknowledge that the country does have some disedvantages as an industrial base.

Most obviously, wages are not particularly low and have recently undergone a series of big increases—30 per cent in 1981, 25 per cent in 1982 and 20 per cent in 1983.

Trade unions in the country, grouped in the Union Generale de Travailleurs Tunisiens, are strong.

Strikes are not uncommon—through the present sensitivity of industrial companies to the issue may be caused more by the riots of January and general fears about the country's social stability than by an actual increase in the numbers of strikes this year.

When strikes do occur they are as often caused by bad labour-management relations as by disputes over wages. Common causes of disputes are sackings of bad staff and employers' failure to regularise the status of temporary employees.

Companies are often reluctant to employ people on a regular basis because after their six months probationary period is finished it becomes extremely difficult to make them redundant.

Other problems for industrialists are high absenteeism, which may run at 10 per cent, and low productivity. It is noticed that employees' output tends to decline soon after they have finished their six months probation.

In the past three or four years companies have also had the relatively small burden of having to spend more money on amenities for their employees.

A German manager remarked recently that foreign companies had to realise that Tunisia was no longer as it was in 1972 and that people expected better working conditions.

One of his colleagues added later that he still felt that the rising costs of Tunisia were outweighed by the advantages. One of these he listed as a fast and efficient customs service—particularly important for companies in the textile business, which has to respond fast to changes in fashion.

"Tunisia has attractive politics," he continued. "It is much less corrupt than many of its competitors. You can talk openly about problems. Above all, the Government does not interfere—and it is consistent in applying its regulations."

Bold reforms needed to boost agricultural output

Farming: a neglected sector

SINCE 1971, and with the exception of one or two years, the Tunisian authorities have been extremely fortunate in the egricultural sector. The rainfall has been adequate each winter and spring and the country has been spared the evils of drought and excessive rainfall and hail which often afflict Mediterranean countries.

Agricultural prodnction has thus held steady and in some sectors — fruit and vegetables, poultry and dairy products it has increased significantly. However, an average growth in production of 4.4 per cent during the past decade hides greet variations in the performance of various commodities.

Agriculture's share in Tunisia's GDP has declined from 24 per cent in 1960 to less than 16 per cent today and in total employment from 56 per cent to a third. Its share of exports has declined by more than two-thirds over the same period to 15 per cent in 1980.

Imports of agricultural produce and animal feedstock meanwhile have shot up, accounting for 40 per cent of total food and feedstock requirements last year.

The burden of subsidies has grown heavier and the attempt to cut them on bread and cereals products led, earlier thia year, to the worst rioting since independence.

The volume of food imports has increased for two reasons:

- First, the growth in population has meant that, despite the success of family planning, there are many more mouths to feed each year.
- Secondly, the standard of living has improved dramatically. The diet in the cities especially, which now house over half of the country's 6.4m people, has improved faster than the ability of the agricultural sector to provide the food.

This inability of the land to match the growing food requirements of the population is the direct result of the lack of investment devoted to the countryside in the past few economic development plans.

Tunisian planners argue that the increase in investment in agriculture under the current plan (1982-87) to 19 per ceot, from the previous figure of 13 per cent, is proof enough of the greater importance that the Government of M Mohammed M'Zali attaches to this sector.

Tunisia has suffered during the past decade from the effects of an over-liberal economic policy. State and private investment has been concentrated around Tunis and along the coast to such an extent that the coast-line appears, metaphorically as if it might fall into the sea.

Standard of living still precarious

Efforts have been made in certain areas, but the standard of living of those who till the land, especially in the more remote areas, remains precarious, certainly well below that of towns such as Tunis, Sfax and Sousse.

There are three reasons behind this elow rate of progress on the land: the first is the very poor management of the large state farms which are located on the best land which used to be owned by the Freoch "colons" and was nationalised some 20 years ago.

Ever since the Socialist experiment, which Tunisia went through under the aegis of M. Ahmed Ben Salah in the 1960s, the very idea of "co-operative farming" has been anathema. No one has since dared address the difficulties of the state sector. The state continues to pour money into state farms. Expert agroomists are sent to work on them, yet corruption and laziness continue to produce very little.

Absentee landords hinder progress

Secoodly, problems of a political nature also hinder progress. Some state land is let for derisory rents to stalwarts of the ruling Socialist Destour Party—abseotee landlords who often do not eveo bother to grow a crop. They calculate that by sitting on such land they will be in a better position to buy it cheaply—should the authorities ever decide to sell.

Tunisia's land tenure system further constrains the development of agriculture. Land distribution is extremely inequitable: 68 per cent of farms have less than 10 hectares and 70 per cent two or more separated parcels. Few farmers have land title and there is no legal protection for tenant farmers—all these factors discourage those who work the land from investing.

Meanwhile, soil erosion, deforestation and desertification are causing a reduction in arable and grazing land and accelerating the sedimeotation of reservoirs.

The major cause of the deterioretion is over-grazing, and abusive cultivation techniques—solving such problems will not be easy and only yield results in the longer term. But until local populations are asked to collaborate in such schemes, rather than be forced to parteke in e few activities whose long-term results are nil, there is little hope of improvement.

For this to happen, the Government would have to develop a coherent set of policies, really believe in the speechea its ministers make and be strong enough, politically, to aim for long-term reforms which, inevitably, would upset some powerful interest groups. Snch isnot the case today.

Production would expand quickly if farmers' incomes were allowed to rise: since 1982, however, the Government's determination to check the rise of the price index has led to inspectors from the Ministry of Economic Affairs forcing farmers to accept lower prices for the produce they bring to the wholesale markets. Intermediaries happily continue to net 200-300 per cent on many fruit and vegetable crops and the only visihle result of the inspectors' zeal, at least in the countryside, is that farmers are reducing the surface of land they sow.

Equally worrying is the cootradiction in many policies or their very short-sightedness. The milk marketing board (STIL) is still building units to make liquid milk from imported powder milk and seemingly doing all in its power to discourage Tunisian producers of fresh milk, who are helped by the Ministry of Agriculture.

The very power of the STIL, which is far greater than that of the Ministry, makes the problem inextricable. The net result is that many Tunisian farmers have simply given up trying to produce milk.

The short and disastrous example of poultry farming points to other difficulties. This sector was actively encouraged in the 1970s, with the help of subsidised imported soya feedstock, but it crashed in 1982-83 under the twin impact of much higher world prices for soya feedstock and a sharp reduction in Tunisian subsidies to producers. The very rapid growth of poultry farming explains, no doubt, why the target for egg production in the 1976-81 Development Plan was overshot, one of the few agricultural sectors, which could boast of such a result.

Bank credit for farmers is often miscredited: at Diebel Oust, near Tunis, a rahbit farm is being built in a swamp!

The balance of Tunisia's foreign trade in agriculture has turned around sharply since 1970. Then, the value of exports exceeded that of imports by 20 per cent. The value of exports was 75 per cent of that of imports during the latter part of the 1970s.

Part of the problem is that food import prices have increased more rapidly than has the average price of exports. While the value of olive oil, fish and vegetable exports has increased, that of dates, citrus and other fruits has stagnated.

A special World Bank Report on Tunisian agriculture, completed 18 months ago, pointed out that the country's performance among middle income countries was quite honourable. Irrigation schemes and a greater use of fertilisers had progressed considerably.

But in 1979, 14.6 per cent of rural population still lived below the level of absolute poverty.

The report argued that the outlook for Tunisia's agriculture was good assuming thet the projects proposed in the ambitious investment programme ere prepared properly and quickly.

The natural constraints to agricultural development remain considerahle in a country where only the northern 25 per cent of the land, which is the most fertile, receives adequate rainfall.

But, to a great extent, the agricultural sector has, aince 1960, paid for the development of the other sectors. As wealth and growth have been concentrated on the coast, so the hinterland lost what little influence it held et independence.

The authorities ere now aware of the danger of leaving the inland provinces so neglected. Bold new policies have not, however, even been discussed. While the increase in investment planned in agriculture may help the farming sector to some extent, the current plan fails to tackle the real problem of Tunisian agriculture.

Failure to address these problems can only heve serious consequences—in future years—for the whole economy. Meanwhile, results will be judged from annual production figures and whether the heavy drift of population from the land shows any sign of easing.

Francis Ghilès

SECTION II – INTERNATIONAL COMPANIES
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'Big loss' at U.S. financial group

By Paul Taylor in New York

ALEXANDER & Alexander, the U.S.-based financial services group, which is the second largest insurance broker in the world, warned yesterday that it had a "significant operating loss" in the fourth quarter of 1983 because of the need to strengthen reserves further.

The company, of which the 1982 and early 1983 results were hard hit following its acquisition in 1982 of the Alexander Howden group in the UK, said that the fourth quarter results, which it plans to announce "as soon as practicable" would be affected by reserve deficiencies in "certain recently acquired underwriting subsidiaries."

Mr John Bogardus, chairman and chief executive, said he was disappointed that the company's results were again adversely affected by the need to strengthen reserves late in the year.

He added, however, that cash flow remains strong and that the various underwriting subsidiaries and the company overall are projecting "favourable" results for 1984 based on present assessments that the reserve issue is now in hand as a result of a variety of steps taken.

Mr Bogardus said the insurance company results were not expected to affect adversely the company's operations in 1984.

John Moore in London adds: Mr Richard Page, head of Alexander & Alexander's troubled Howden operations, said that extra reserves were needed for the Bermuda-based Capital Marine insurance company and for insurance companies based in Atlanta.

He added that the reserves were not needed for the UK-based subsidiaries of Alexander Howden

Hoechst payment set to rise on better results

BY JOHN DAVIES IN FRANKFURT

HOECHST, the West German chemical group, gave a strong indication yesterday that it plans a dividend increase following a hefty boost in profits last year.

The parent company's pre-tax profits rose 35.3 per cent to DM 920m ($359m), the highest level since 1974. Hoechst said it was certain that its worldwide profits, though not yet finalised, would also prove to be considerably better.

"The result will make it possible to pay out a higher dividend and to build up reserves more strongly than in the previous year," the company said. The supervisory board will make a dividend decision on April 17.

With BASF and Bayer, the other members of West Germany's "big three" chemical groups, Hoechst has been recovering strongly after a sharp setback in 1982. All three cut their dividends on 1982 results, and Hoechst slashed its payout from DM 7 to DM 5.50 per DM 50 share.

Hoechst said its worldwide sales revenue rose 6.3 per cent last year to DM 37.2bn. Parent company revenue was up 5.4 per cent to DM 13bn.

Improved demand for its products was initially strongest in West Germany and the U.S., but had since picked up in most other markets, particularly in Western Europe, according to the company. Business had continued to develop favourably so far this year.

Hoechst said its prices last year had scarcely changed, so increased sales revenue largely reflected a rise in the volume of sales, although the strength of the U.S. dollar and the Japanese yen boosted results in D-Mark terms.

Spain gives green light to sale of Rumasa's Banca Masaveu

BY OUR MADRID CORRESPONDENT

THE SPANISH Government has approved the sale of Banca Masaveu, the first of the 20 banks formerly owned by the Rumasa group to be returned to the private sector. The banks, along with other Rumasa interests, were nationalised last year.

Banca Masaveu, based in Oviedo in northern Spain, is being sold for a nominal sum to Banco Herrero, another local bank.

The deal is understood to involve the transfer of the bank's 443,000 shares, nominally worth Pta 1,000 each, for Pta 1 apiece. Herrero is to obtain an interest-free loan of Pta 2bn ($13.5m) and is due to subscribe to a Pta 1bn capital increase at Masaveu.

The former chairman of Rumasa, Sr José Maria Ruiz-Mateos, who discreetly obtained control of Banca Masaveu in 1982 when he was already under close observation by the banking authorities, is believed to have paid about Pta 1.5bn.

A decision is meanwhile imminent on the future of the biggest Rumasa bank, Banco Atlantico, for which three bids were presented on Wednesday. Two of the potential buyers – Banco Arabe Español – backed by Arab Banking Corporation, and the state-controlled Banco Exterior – linked up in a surprise last-minute initiative with a joint proposal.

The other bidders are Banco de Bilbao and Banco de Vizcaya. Negotiations between the former and Bank of America on a joint bid, which would have fulfilled the U.S. bank's ambition of breaking into the Spanish retail banking market, fell through.

The decision on Masaveu came in a fresh package of sales of Rumasa holdings which began last month. The other deal approved includes the takeover of Compania Catalana de Cementos Portland by a group of five other companies in the cement industry.

Further earnings advance at Woolworth

By Paul Taylor in New York

F. W. WOOLWORTH, the leading U.S. retail group, yesterday reported its sixth consecutive quarterly earnings improvement, highlighting the group's financial turnround and the benefits resulting from its reorganisation.

The company, which closed its Woolco discount stores in the U.S. last year and sold its 52.6 per cent interest in its UK subsidiary in 1982, reported fiscal fourth-quarter earnings from continuing operations of $81m or $2.56 a share compared with $70m or $2.27 a share in the period a year ago. In the 1982 quarter a $30m net gain from the sale of discontinued operations boosted final net earnings to $100m or $3.30 a share.

Sales in the fourth quarter increased by 7.6 per cent to $1.69bn from $1.57bn.

The latest quarterly results boosted the group's full-year net income from continuing operations to $118m or $3.72 a share, compared to $82m or $2.63 a share in 1982 on sales that increased in $5.46bn from $5.12bn.

ERT and banks reach accord on debt rescue

BY DAVID WHITE IN MADRID

THE BIGGEST financial restructuring operation ever undertaken in Spain was finally signed and sealed yesterday when Union Explosivos Rio Tinto (ERT), the country's principal chemical group, reached a settlement with the Spanish and international banking community.

It took 18 months to get to this week's marathon signing ceremony from the moment ERT stopped paying back its debts – at the time totalling about $1bn or about $100,000 for each of the group's employees.

For bankers and company executives who worked through the Christmas holidays trying to get an acceptable package together before time ran out, it might seem like the end of a saga – but it threatens to be only a beginning.

The last corporate collapse of comparable importance in Spain took more than 20 years to resolve. It involved the Barcelona Traction Power Company, popularly known as La Canadiense, which was declared bankrupt in 1948 after failing to pay interest on a bond it had issued more than 20 years earlier.

"We didn't put the dossier away until 1976," one banker in Madrid recalls.

ERT was created in 1970 by the merger of two groups, Union Española de Explosivos and Compañia Espanola de Minas de Rio Tinto, which together made up Spain's largest private sector industrial conglomerate.

By the end of the decade, crisis had hit its oil, fertilizer and organic chemicals operations and the need to consolidate its short-term debt became pressing.

After long and fruitless negotiations with the Government, the crunch came when international banks baulked at refinancing ERT's enormous debt. Shortly before the 1982 general election, ERT announced it needed a six-month moritorium and reactions reached a stage where one of its French state-owned creditors Banque Worms, had the Egyptian authorities attach an ERT tanker with a cargo of gulf crude.

A new chairman, Sr Jose Maria Escondrillas, brought out a first rescue plan in March last year. Based on advice from Lehman Brothers, Kuhn Loeb, it split the group into two: essential branches such as explosives, fertilizers, refining and shipping, and non-essential branches such as plastics, pharmaceutricals and property. Part of the debt was assigned to each, with the idea that the second group would be hived off.

Creditors were offered a 5 per cent stake in the new-styled group and two rescheduling schemes, all of which was thrown back at the company.

In May, Sr Escondrillas came back with a second plan offering more favourable terms, which the banks accepted

The best part for them was that the Government would take charge of the exchange risk on foreign currency debt. It was the Government, however, having begun to realise how many other debt-laden Spanish companies would demand similar treatment, that turned this down in July.

In October, Sr Escondrillas came back once more. The Mark 3 plan, bearing little relation to Mark 1, uses participative credits, a French-style innovation which the Socialist Government is bringing in as part of its industrial programme to solve the problem. It gives creditors paper, in lieu both of interest and of exchange losses on foreign currency loans, which account for Pta 70bn ($469.6m) of the current Pta 120bn bank debt.

Yesterday, after extending the signing session by an extra day, ERT eventually, scraped together creditors' backing, equivalent to 97 per cent of its debt – the proportion that had been agreed.

Late setback at Turner Broadcasting

By Our New York Staff

TURNER Broadcasting System, the U.S. television and cable news group led by Mr Ted Turner, suffered a net loss of $5.1m or 25 cents a share in the fourth quarter of 1983, against $1m profit, or 5 cents in 1982.

For the full year, the group recorded profits at $7m or 34 cents a share, against $3.3m loss or 16 cents. Revenues rose by more than a third to $224.5m.

Poclain given FFr 500m support

BY DAVID MARSH IN PARIS

TENNECO, the U.S. energy group, and French nationalised banks and financial institutions are jointly pumping about FFr 500m ($63.2m) into Poclain, the ailing French construction equipment maker, in a rescue package to stem losses and restructure its capital.

Although details of the package have not been finalised, the outcome will be to give French state-backed institutions an equity stake of more than 40 per cent in Europe's largest manufacturer of hydraulic excavators.

Poclain said last night that the package, accompanied by a programme of industrial streamlining, had been agreed with the French Government and with Tenneco and the banks, its main shareholders.

The bail-out, which will increase the banks' stake in Poclain, to a possible 35 or 40 per cent, envisages a capital write-down followed by a FFr 250m equity increase underwritten by Tenneco, the banks and other state financial institutions. Tenneco, which owns 40 per cent of Poclain's present capital, could raise its stake to at least 43 or 44 per cent.

Additionally, the Government and banks will put up a further FFr 250m in medium and long-term loans to restructure debt, while the state-owned Credit National financing agency will supply fresh loans to back investment.

Porsche bows to U.S. retailers

BY JOHN DAVIES IN FRANKFURT

PORSCHE, the West German sports car maker, has bowed to pressure from U.S. retail car dealers and will make major changes in its independent U.S. distribution system, due to start in September.

The company said yesterday the U.S. retail dealers could continue to operate on a franchise basis rather than becoming agents selling cars on a fixed percentage commission.

In addition, Porsche will refrain from setting up its 40 branches throughout the U.S. in the form planned originally. The U.S. car dealers feared competition from Porsche's own branches, but these will, evidently, put more emphasis on back-up support for the dealers.

Wholesalers, who are being eliminated in Porsche's new U.S. distribution system, have filed legal suits for damages, and retail car dealers originally "threatened protest moves, including possible legal action, to try to defend the franchise system.

Porsche indicated yesterday it was willing to sacrifice some advantages of its original scheme to ensure that importing and marketing could be transferred smoothly to its U.S. subsidiary.

Since 1970 Porsche's U.S. distribution has been run jointly with Volkswagen's Audi subsidiary.

Great Western plans to raise $1bn

By William Hall in New York

GREAT Western Financial, the second biggest savings and loan group in the U.S., plans to raise $1bn through the issue of Collateralised Mortgage Obligations (CMOs).

The Beverly Hills-based group has filed a shelf registration with the U.S. Securities and Exchange Commission covering the issue. The securities are expected to be issued in tranches over the next year.

Great Western, with assets of $19bn and 600 offices in the U.S., will use the funds to lend on real estate. The new money is expected to account for roughly one fifth of the money raised by the group in 1984.

Great Western is one of the first savings and loan groups to tap the fast-growing CMO market, which was started last June when the Federal Home Loan Mortgage (Freddie Mac) made a $1bn offering. The new instruments attracted investors who had not been active participants in the traditional mortgage "pass-through" market.

Canada backs Challenger jet

By Robert Gibbens in Montreal

THE CANADIAN federal government has finally committed itself to the Challenger executive jet programme and is restructuring Canadair, the manufacturer.

About C$1.35bn ($1.1bn) in Government guaranteed debt incurred for Challenger development will, in effect, be taken off the back of Canadair and will be serviced directly by the Government.

A new company called New Canadair has been set up to buy the assets of the old Canadair. Net worth will be about C$150m and the company will be able to make some profit on annual volume of about 15 Challengers.

National Semiconductor back in profit for year

BY PAUL TAYLOR IN NEW YORK

NATIONAL Semiconductor, the major U.S. electronic components manufacturer, reported a profit of $15.5m for the third quarter ended March 1, on sharply higher sales.

The California-based company's profit, equivalent to 16 cents a share, compared with a $18.5m loss or 26 cents a share in the same quarter a year ago. Sales jumped from $281.7m to $382.8m.

For the first nine months the company reported net income of $30.5m, or 47 cents a share, against a $21.9m, or 31 cents a share, loss a year earlier. Sales increased to $1.12bn from $889.6m.

Pre-tax earnings surged from a $29.8m loss to a $24.9m profit in the latest period, and from a $35.4m loss to $63.8m profit at the nine-month stage.

Mr Charles Sporck, president and chief executive, said the improved profit figures were primarily the result of a sharply improved performance in the components sector.

He added that the semiconductor division order rate was 68 per cent ahead of last year, reflecting a strong U.S. and Asian market and strengthening demand in Europe.

Suchard to lift payout after advance

By John Wicks in Zurich

JACOBS SUCHARD, the Swiss-owned coffee and chocolate concern, intends to raise its dividend for 1983 from 26 to 29 per cent.

The board is proposing an increase from SwFr 130 ($61) to SwFr 145 for bearer shares from SwFr 26 to SwFr 29 for registered shares and from SwFr 13 to SwFr 14.50 for participation certificates.

Consolidated group profits rose by 20.4 per cent to SwFr 110.2m last year. The earnings growth was considerably higher than the 12.3 per cent increase in sales to SwFr 4.56bn, which was attributed both to increased volumes in the coffee and chocolate sectors and the consolidation of the French coffee subsidiary Les Cafés Grand Mère.

Also in Switzerland, the Jelmoli department store group, which operates the Jelmoli, Grand Passage and Innovation chains, is proposing to raise its dividend to SwFr 32 per share, against SwFr 27 in 1981, and SwFr 27, plus a SwFr 3 bonus, in 1982.

Amro Bank dividend up

BY WALTER ELLIS IN AMSTERDAM

A FURTHER increase in debt provisions, by Fl 100m, to Fl 950m ($331m) did not prevent Amsterdam-Rotterdam bank (Amro) from achieving a 28 per cent jump in net profits, to Fl 209m, for 1983.

Amro has proposed a 1983 dividend of Fl 3.50, against Fl 3.00 previously, payable in cash and shares. Fl 1.50 has already been paid.

Gross profit for the year went up by just over 25 per cent, to a total of Fl 1.3bn, while total income rose by 13 per cent, to close the 12 months at Fl 3.4bn.

In common with most Dutch banks, Amro recovered quite sharply in 1983. A year ago, it had to announce earnings down 38 per cent as bad debt and the continuing recession drained it of income.

But the surge in equity prices on the Amsterdam Stock Exchange, together with a revival in the Dutch economy generally, has greatly eased the situation. An improvement in the margin between interest income and expenses was another important factor.

Debt provisions, however, are once more at a record level, and Amro warns that the risks associated with lending in the Netherlands, in the international markets and through its international branch network as "substantial."

Massey-Ferguson

MASSEY-Ferguson points out that its total sales in West European tractor markets in 1982 were larger than indicated in a chart published on March 9. If the 6,054 unit sales of Landini, Massey's wholly-owned Italian subsidiary are included, the group's total sales were 33,848.

INTL. COMPANIES & FINANCE

Fujitsu's heart set on U.S. market

BY TERRY POVEY IN TOKYO

THE PURCHASE by Fujitsu, Japan's leading computer manufacturer, of an additional $190m stake in Amdahl of the U.S. — taking its total holding to just over 49 per cent — is confirmation of the Japanese company's intention to push for a bigger share of the American market.

In Japan Fujitsu, with group sales totalling Y957bn ($4.3bn) in the year to March 1983, is running neck and neck with IBM Japan (the wholly-owned subsidiary of the U.S. computer giant) for market leadership. In the domestic market Fujitsu is just ahead of IBM in forecasts for the year ending this March, although of course the U.S. company is a long way ahead internationally.

Fujitsu is becoming increasingly aggressive overseas — exports counted for just under a quarter of the total last year and the plan is to raise them to 30 per cent this year. However, despite its great strength in the domestic market, the company has still largely failed to establish a presence abroad under its own name, after preferring to manufacture on another's behalf and sell under the partner's name

The relationship with Amdahl is one variant of this theme. Mr Edward Thompson, Amdahl's treasurer, says: Fujitsu supplies us with computer subassemblies, data storage and data communications equipment."

According to industry analysts in Tokyo, Fujitsu's sales to Amdahl were worth about Y40bn last year. In the words of Mr Takuma Yamamoto, Fujitsu's president, "the volume of Amdahl's products we make is about half, or just under, of their 580 system—that is why we call it sub-assembled." Hence the supplies to Amdahl constitute a big chunk of Fujitsu's overseas sales and are an even larger part of the U.S. company's turnover, which was worth $778m in 1983.

Fujitsu will not, however, confirm these figures—the company is a byword for secrecy even in Japan—but at Numazu, nestling in the foothills of Mount Fuji, Mr Hiroshi Terada, the complex's assistant manager, had little hesitation in identifying the lines of machines being made for foreign customers.

The Siemens (its 7890) and the ICL (the Atlas 10) computers—both very large—are made at Numazu. Asked the difference between these and Fujitsu's M 380 series, Mr Terada said: "The only difference is in the voltage supply."

Sales to the UK via ICL have, however been slow with "only seven machines shipped so far and one of these was for ICL itself. ICL has sold four machines altogether to Sainsburys, the Science Engineering Research Council and the Royal Air Force. Total shipments to West Germany so far, all under the Siemens label, "are about 200," said Mr Terada, though not all are as big as the M 380.

> Japan's leading computer group has illustrated its determination to secure a bigger slice of the U.S. market by boosting its stake in California-based Amdahl

One area of impressive direct sales is to Australia where 300 large-scale computers have been shipped so far and are sold by Facom Australia, a subsidiary.

However, Fujitsu has its heart set on the U.S. market. "Our aim is not to beat IBM but to stay in the game with them and to do that we must challenge them in the U.S. market, said Mr Noboru Yamaguchi in the company's Tokyo head office.

The pressure of competition with IBM is reflected in the concession made to compatibility by Fujitsu. "These days everyone wants IBM compatibility," said Mr Yamaguchi. Fujitsu does not offer IBM plug-compatibility as standard on any of its products other than the machines made for Amdahl.

It does, however, offer "system compatibility" for its medium and large machines. This same limited form of compatibility also applies to the ICL and Siemens products made by Fujitsu.

Fujitsu is not only a mainframe computer manufacturer. It began life as a telephone and telephone exchange manufacturer and still reaps 17.8 per cent of group sales, compared with 59 per cent from computers, from the telecommunications sector.

The company's second major growth area is the production of semiconductors where it ranks fourth in Japan. Of the total capital investment planned for the year to March 1984, half or Y35bn is for expanding chip production.

The company is now building up production of 256k D-rams—the next generation of memory chips. According to Mr Terada it is making 300,000 to 400,000 a month and already they are being used in the group's specialist scientific mini-computers.

If Fujitsu's strategy in Europe is a modest one—the target is a 5 per cent market share in two years—gained by stealth rather than great fanfare, the same cannot now really be said for the U.S. The Amdahl stake, plus the opening in Dallas of a plant to make large-scale disk storage units, is a sign of a greater aggressiveness. Fujitsu's slow siege of the American market has clearly moved up a notch.

Sony first quarter profits soar

BY TERRY POVEY

SONY CORPORATION, one of Japan's leading makers and exporters of electronic goods, has benefited strongly from the worldwide revival in demand for consumer electronics which got underway in the middle of last year. Its first quarter results, announced yesterday, showed net profits for the group almost trebled at Y17.3bn ($77.3m).

In the three months to January 31, sales rose by 13.2 per cent from Y272.7bn last year to Y308.7bn this. Overseas sales rose by just below the company's average to account for 70.7 per cent of the total. In the U.S., however, there was a 47 per cent rise, reflecting the expected sharp leap in demand ahead of the Los Angeles Olympics.

The rise in video equipment sales is particularly impressive, given the increasing dominance of the VHS format over Sony's own Betamax system. VCR and video tape sales rose by 17.7 per cent to account for 43.2 per cent of the total.

Also important was the continuing decline in its inventories — yet another reflection of the booming demand which has enabled it to boost production to 250,000 VCRs per month. This represents 90 per cent capacity use. With demand still strong, a current inventory level of just over 2.5 months' output is, if anything, on the low side in the view of securities analysts.

Long-term debt has been reduced from Y344bn at the end of July 1983 to Y220bn by the end of January.

● Canon, the Japanese camera and business equipment group, lifted consolidated net earnings by 27.1 per cent to Y28.4bn ($127m) in the year ended December 31, despite the impact on exports of the yen's appreciation, writes Yoko Shibata. Sales rose 13.2 per cent to Y857.3bn from the previous year, while profits per share were Y58.58, compared with Y52.08.

Office equipment sales rose by 25.6 per cent to account for 59.2 per cent of the total turnover.

Bell seeks to buy rest of Weeks

By Lachlan Drummond in Sydney

MR ROBERT HOLMES A COURT, who last month snatched control of Weeks Petroleum in an A$250m (U.S.$241m) raid on the London Stock Exchange through his Bell Group master company, is to bid for 100 per cent of Weeks through his subsidiary, Bell Resources.

If successful, the all-scrip offer from Bell Resources would more than double its capital base and increase the reduced 45 per cent stake in Bell Resources held by Bell Group closer to 50 per cent. This in turn would pave the way for the widely expected third all-scrip tender offer by Bell Resources for shares in Broken Hill Proprietary.

Bell Resources intends to offer three of its ordinary shares plus three options expiring in 1987 for each five of the roughly 62m ordinary shares in Weeks Petroleum.

The Weeks family of the U.S. is to sell 6m Weeks shares from its controlling stake to Bell Resources for an immediate U.S.$8m plus U.S.40m payable on or before January 31 1989, the outstanding amount to be interest free.

The family also intends to accept the share and option component for their remaining 3m shares in the Bermuda-registered Weeks.

Based on market prices for Bell Resources ordinary shares and its 1984 options, the scrip values the remaining Weeks shares at a little more A$6.60 a share, some 40 cents below the closing market quote in Australia yesterday, and about 80 cents less than Bell paid for its existing 46 per cent stake.

Weeks Petroleum's major interests are a 51 per cent stake in Weeks Australia, an oil explorer which is capitalised at A$350m and has 10 per cent of the promising Jabiru oil find off the northern coast of Australia, and a 1.375 per cent overriding royalty over the Bass Strait oil fields, which provide some 70 per cent of Australia's oil requirements.

Carrian debts 'exceed assets by HK$2bn'

By Robert Cottrell in Hong Kong

CARRIAN INVESTMENTS' debts exceed its assets by roughly HK$2bn (US$ 256m), the directors of the bankrupt company said in a filing made yesterday with Hong Kong's official receiver.

Carrian Investments was once Hong Kong's highest-flying property company. Winding up proceedings began last October, and two directors face criminal charges under Hong Kong's theft ordinance.

Mr Ian Robinson, one of Carrian Investments' three liquidators, said the statement was only a directors' estimate. It would take several months to confirm the company's detailed financial position.

The Carrian directors say that creditors' claims lodged with the company stand at just less than HK$2.7bn, after offsetting any assets which were charged as security against loans.

The liquidators have started realising some of Carrian's more important assets, including the sale of a joint venture project in Australia. They note that Carrian's major U.S. assets were sold by the firm before the liquidation order, that most of the agreed purchase price has been paid. The liquidators are arranging to receive the balance. The assets, including a commercial property development in California, were sold to Mr Yap Lim Sen a Malaysian businessman, for US$75m last July.

At its peak in 1981, Carrian Investments enjoyed a market capitalisation of HK$6bn. Its privately held parent company, Carrian Holdings, is also in liquidation. At year-end 1982 Carrian Holdings showed a net asset deficiency of HK$1.15bn.

Court stalls moves against Escorts board

By John Elliott in New Delhi

AN attempt by the Life Insurance Corporation of India to remove a retired field-marshal and several other leading public figures from the board of Escorts, a Delhi-based engineering company, was stalled in the Bombay High Court yesterday.

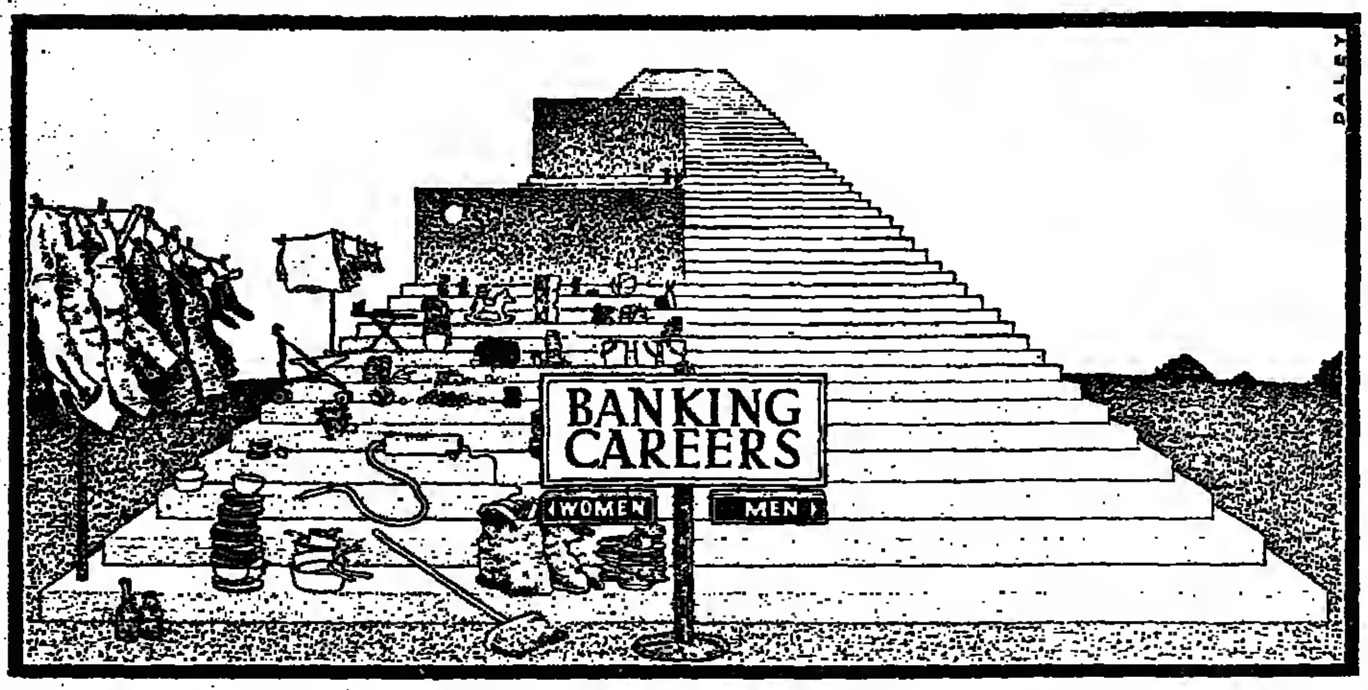
After a two-week hearing on a suit brought by Escorts against the Reserve Bank of India, the court decided to restrain Life Insurance from calling its proposed extraordinary general meeting aimed at ousting the directors, until the case had received a full hearing This was decided partly because of the implications of the case for other major Indian companies which have financial institutions as major shareholders.

The decision is a blow for the Government, which wanted the directors changed to speed up acceptance of shares bought in Escorts and DCM, another Delhi company, by Mr Swraj Paul, an Indian-born businessman who lives in the UK, where he controls the Caparo group.

The Escorts directors' position is now likely to be raised at the company's annual general meeting in June.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ



Women are worth banking on

Margery Povall and Nancy Seear examine the results of recent international research

WOMEN who want to make a career in banking have a better chance of moving up the promotional ladder in the U.S. and France than they would in the UK, Belgium or the Netherlands.

The U.S., particularly, has experienced a dramatic increase in the number of women managers in banking. For example, in the 10 years to 1981 the proportion of women officers and managers in Continental Bank rose from 15 per cent to 40 per cent.

Yet, for all this progress, just how far has the scope for women in banking really developed and what has generated the momentum? A research project* in each of the five countries has discovered that, despite their similarities, there are key differences in the way banks use and develop the abilities of women employees. While only one bank was researched in detail in each country, a more general survey showed that the situation was similar in other large banks in the five countries.

In the U.S., strong legislation, combined with effective activity by women's groups, has caused organisations to take steps to find and encourage women of potential.

In France social attitudes and the public provision of child-care have made it easier for women to combine a career and motherhood.

Women's progress was slowest in the British and Dutch banks where less than one in 20 of the officials and managers in the banks studied were women, as against one in four in the French banks.

For varying reasons in all Western countries equal opportunity for women has become a live issue. In the U.S., action was sparked off by political pressure among blacks and their supporters in the 1960s leading to legislation aimed at eliminating discrimination. This aroused interest in sex discrimination and sex was included in the anti-discrimination legislation. As a result, large organisations with Government contracts were required to draw up affirmative action programmes.

Legislation in the UK and the rest of Western Europe has not required affirmative or positive action programmes as such but both the Sex Discrimination Act in the UK and the EEC Directive on equal treatment for men and women make discrimination illegal.

In banks, where women form a large part of the labour force, some managers have come to realise that women's talents are not being used and that this is to the commercial disadvantage of the organisation.

As Gordon Jones, deputy chief executive of National Westminster Bank, explained at a seminar held in Belgium in 1982 to consider the research project's findings: "We saw o positive action programme as providing more women in supervisory and management positions AND an improved level of supervision and management as a result . . . A management team that comprised both men and women was likely to be stronger than a management team that consisted solely of the members of one sex."

The original impetus for any programme requires commitment from an influential figure prepared to devote time and resources, and to take risks to create a climate for change. As one banker puts it: "What interests the chief executive fascinates the senior managers."

To implement a programme, an analysis is first needed of the distribution of men and women by grade, skill and pay levels. The rate of flow from one grade to another usually reveals a smaller percentage of women than men being promoted at every level. Personnel policies and practices are a cause of this. For instance, in all the European banks studied there were differences in the education attainments of the girls and of the boys on recruitment. In at least some cases this was deliberate policy.

A positive action programme analyses such practices and, where justified, steps are taken to relate the mix of people recruited to the mix in the labour market.

Bankers' experience showed that programmes set up with top management support but without the involvement of middle and lower management and of women themselves will achieve only limited results.

Different banks handled this phase differently according to their customary style. In some it was restricted to informal discussion; in others training seminars and workshops were organised. Managers had to be convinced that this was not just another passing fashion but a programme to which it was worth their while committing time and energy.

Women also took part in the analysis of the issues involved and contributed to the formulation of the programme.

Objectives set for programmes vary widely. In the U.S. there are annual targets to increase the percentage of women promoted, and (where appropriate) recruited, into grades or jobs where they are under-represented. European banks, along with other European organisations, have been reluctant to set such specific targets, preferring instead the broader objectives of removing unjustifiable barriers in personnel policies and practices, in the belief that this will enable more women to progress on merit.

British legislation allows for only one type of reverse discrimination: special women-only training programmes for jobs where women are greatly under-represented. Banks are beginning to support them. National Westminster sponsored the "Managerial Effectiveness for Women" course run by Kirsty Ross for The City University Business School. Women from the Bank of England, Continental, Chase Manhattan and Midland Banks have attended this course along with women from organisations such as W. H. Smith, Unilever and British Airways. Midland Bank and Royal Bank of Canada are also running courses for women.

In banking, as elsewhere, the reality of equality of opportunity is difficult to achieve as long as what has been termed "indirect discrimination" exists. According to the Sex Discrimination Act this is where a requirement is laid down for a job with which, in practice, it is more difficult for one sex than the other to comply, and which cannot be shown to be justifiable.

The legality of mobility requirements in banks has not been tested against these criteria. It is clear, however, that such requirements restrict the promotion possibilities of women, if only because managers tend to assume that any woman, regardless of her domestic position, cannot and will not move whatever the job offered.

At the EEC seminar it was widely accepted that mobility was a problem not only for women but increasingly for men. Adaptations made by banks in various countries included short term (up to six months) assignments to reduce the need for long term moves for both women and men; the introduction of more functional mobility in order to reduce the need for geographical mobility; the advertisement of jobs internally to enable individuals to decide for themselves whether they wanted to move or not; the restriction to high flyers of the unqualified requirement of mobility throughout their working lives; the regular review of individuals' mobility to take account of changed domestic circumstances; the abandonment of a policy of requiring a commitment to mobility.

The concept of a lifetime career, traditional in European but not in U.S. banking, has undoubtedly affected women adversely. Women have been seen, and have seen themselves, as temporary employees. In consequence they have not thought it worth while to study for examinations and have not been encouraged to do so. In British and Dutch banks when they have left to have children they have not expected to return to a continuing career.

In contrast, in France, where the banks provide up to three years' leave for child-rearing, many women assume that they will have only a temporary break in their careers.

In National Westminster Bank it is now possible for some women to return within five years to a job at the level from which they left. Its retainer scheme for women of high potential includes a requirement to return to the bank for two weeks' work a year while the women are at home.

It is too early in Europe for any positive action to have produced dramatic changes in the numbers of women in managerial jobs. In the U.S., however, with over 10 years' experience, managers report encouraging results. Eugene Croisant of Continental Bank reflects the views of other American managers when he says: ". . . it set a positive tone in our organisation . . . it positioned us in the industry and on the college campus as a place where women could grow . . . and (it) gave our organisation a true sense of pride in accomplishment. The imagination, creativity, inter-personal skills displayed by women in so many other fields for so many years are now being applied to the business world. This talent is truly a national resource. It would be a shame to waste it, not to let it flourish or even expand it significantly."

** The research in Britain was carried out at the London School of Economics and later at the City University Business School, in France by the Centre d'Etudes de l'Emploi, in Belgium by the Institute de Sociologie de l'Université Libre de Bruxelles, and in the Netherlands by Erasmus University. The project was undertaken with financial support from the German Marshall Fund of Washington, and as the work expanded additional resources were provided by the Commission of the European Community, and in Britain by the Manpower Services Commission and the Equal Opportunities Commission. In the Netherlands the research was financed by the Ministry of Social Affairs.*

Margery Povall is a Research Fellow and Baroness Seear a Visiting Professor at the City University Business School, London.

Management abstracts

Management of human resources and productivity. H. C. Jain in Journal of Business Ethics (Netherlands), Nov. 83.

Reviews the literature on the quality and professionalism of personnel industrial relations management in Canada, and its relationship to (a) the effective management of human resources, (b) workforce job satisfaction/productivity, and (c) the growth of the enterprise; finds evidence of a lack of professionalism, examines its implications, and suggests ways—organisational change, quality of worklife programmes—of improving productivity and growth.

New product exposure. G. A. Marken in Business Marketing (U.S.), Nov. 83.

Suggests a step-by-step approach to a new product launch/promotion which stresses customer consultation, maximum pre-launch publicity, and advance marketing presentations by a specialist sales force. Claims that effective planning will ensure up to six months more exposure than more traditional promotional methods.

Developing human resource managers. J. C. Rush and J. Gandz in Business Quarterly (Canada), Autumn 83.

Identifies new socio-economic/technological directions that strongly influence the role of human resource managers in an increasingly unstable, cost-conscious business environment; discusses the main components of their role—administration, organisation design, and strategic formulation—and how such managers may be developed, motivated, and given the opportunity to perform.

The economic logistics of quality management. S. Oliver in Chartered Mechanical Engineer (UK), October 1983.

Suggests that calculating the total cost of quality control as a percentage of total business costs is of little value, maintaining that organisations should ascertain the return from spending more on quality control; provides a hypothetical example based on assumed scrap and product rectification costs.

Dealing with problem people. R. Garlick in Chief Executive (UK), November 1983.

Presents views on recognising managers with difficulties that might injure corporate performance, and how to deal with them—by ignoring them, feedback, counselling, situation change, or as a last resort dismissal.

Corporate Rescue. S. H. Rajani in The Accountant (UK), 13 Oct '83

Discusses circumstances under which business rescues might be viable, and classifies the main types of rescue; focusses on informal rescues—where arrangements are reached with loan creditors/providers of equity capital; describes how a rescue package can be organised and made to stick, with a look at the legal constraints.

The stress of excellence. S. Streufert in Across the Board (U.S.), Oct. '8:.

Examines research which shows that time-urgent and competitive executives are less effective managers than "multi-dimensional" executives who assume a greater complexity of thinking in decision-making; warns, however, that such complexity leads to increased susceptibility to heart disease; discusses how stress can be relieved, e.g. by easing workloads and building greater flexibility into organisations.

Relocation. J. Goddard and others in The British Journal of Administrative Management (UK), Nov '83

A set of three articles which consider the relocation process: (1) discusses objectives, planning / control, criteria for choosing a new site, and points out that costs must be continually reported; (2) looks at family pressures on executives; and (3) considers the financial implications of—inter alia—labour, communications, and the removal.

Work measurement with electronic equipment. J. Merckel in Bedrijfsvoering (Netherlands), Sep '83 (in Dutch, English version available)

Stopwatch out, electronic measurement in—this consultant has no doubts about that, and that there will be a return to measurement techniques, much neglected in the 1970s, but in modified forms that pay less—not more—attention to time. Describes experience on a company's switchboard with three operators that had been the subject of many management and staff complaints.

Environmental forecasting. J. A. Pearce and R. B. Robinson in Business (U.S.), July/Sept '83

Discusses environmental variables that are critical to company strategy / development; advises on the selection of sources of information, examines forecasting techniques for identifying trends, and suggests ways of integrating results into the strategic management process.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p and pp cash with order) from Anbar, PO Box 23, Wembley, HA9 8DJ.

UK COMPANY NEWS

United Biscuits surges by 21% to a record £83.2m

United Biscuits (Holdings), the largest biscuit manufacturing group outside the U.S., pushed its pre-tax profits up to a record £83.2m for the 1983 year, which was an improvement of 21 per cent over the £68.4m returned for the preceding 12 months.

The group is lifting its final dividend from 3.55p to 4.3p, making a net total payment of 7p per 25p share, compared with 5.8p.

Sir Hector Laing, the chairman, says the first half increase of 35 per cent was measured against a sluggish first half performance in 1982 whereas the group's 14 per cent advance in the second six months has to be set against an excellent second half performance previously.

Looking to 1984 Sir Hector says that despite the costs of exploiting the new opportunities in the U.S. present indications are that the year will again be "very satisfactory."

Group turnover for 1983 rose by 18 per cent to £1.42bn (£1.21bn) and trading profits advanced from £85.2m to £99.3m, an increase of 17 per cent. Profits before tax as a percentage of turnover amounted to 5.8 per cent (5.7 per cent).

Interest charges were little changed at £16.1m (£16.7m) but tax took £3.4m more at £25.4m.

Below the line extraordinary costs soared to £34.3m (£4.8m) but Sir Hector explains that although these charges were very large they should be seen in the context of savings of over £10m a year.

The extraordinary costs were a result of the decision to close the Liverpool factory in order to assure "the continuing vitality of the Biscuit Company."

Of the £32.2m factory closure employee costs totalled £14.6m and site and plant write-off £9m.

Earnings for the year improved by 24 per cent to 18.3p (14.8p) per share. The return on average capital employed has increased to 20 per cent, the minimum target that was set by the directors in their corporate objectives.

The chairman says that although the biscuit market in the UK has been static for 15 years, and is unlikely to expand in the foreseeable future, the group increased its market share over the year by 1.3 per cent—the highest level ever—with maintained margins.

He adds that this demonstrates the substantial progress and continuing pre-eminence of the group's biscuit operations, both branded and private label, which together contribute 62 per cent of UK profits.

Shareholders are told that while maintaining the strength of established high volume lines the directors see growth coming from trading up to higher added value lines. A number of new products are in the pipeline.

A divisional breakdown of UK turnover and trading profits shows: biscuits £345.5m (£311.5m) and £35.1m (£31.1m), foods £228.1m (£202.5m) and £19.2m (£17.8m), frozen foods £86.7m (£75m) and £1m (£0.6m), D. S. Crawford £61.3m (£54.4m) and nil (£0.5m), restaurants £31.2m (£27m) and £1.6m (£1.5m), international £12.4m (£11.5m) and £1m (£0.5m), Wimpy £30.9m (£28.7m) and £2.2m (£1.4m), distribution services £34.8m (£31m) and £1.7m (same) and Cochrane Vehicle Holdings £15.2m (£5.1m) and £0.6m (£0.5m).

A breakdown of North American turnover and trading profits shows: Keebler £500.5m (£389.4m) and £37.1m (£30.3m), specialty brands £57.2m (£50.4m) and £6.3m (£8m), other £28.4m (£10.8m) and £0.1m (loss £0.8m). The disposed Canadian businesses accounted for £2.1m (£13.8m) and nil (£0.1m).

Bigger share gained in a static UK biscuit market

Figures for the rest of the world show: Ortiz £13.4m (£13.9m) and £0.1m loss (£0.1m profit), Westimex £20.3m (£15.1m) and £1.3m (£0.8m) and other £2.1m (£2.3m) and £0.1m loss (nil). Of the group total turnover inter-company sales accounted for £45.4m (£35m). Unallocated costs rose from £6.5m to £7.7m.

Group capital expenditure for 1983 totalled £95m (£59.7m).

The group's biscuit division results were considered satisfactory in view of the highly competitive trading environment.

Total volume in the UK biscuit market in 1983 was marginally lower than in 1982 but the company's branded biscuit sales volume was 2 per cent higher, and its market share improved.

Sales of Terry's chocolate confectionery were only modestly affected by the exceptional summer weather—the company's trade is heavily weighted towards Christmas and Easter. Terry's sales volume in 1983 was more than 7 per cent up on the previous year—well ahead of the growth evident in the confectionery market generally.

Looking to the future, the directors point out that the cost of certain materials used in biscuit and confectionery production is either expressed in or influenced by the U.S. dollar, so that the weakness of sterling inevitably leads to cost inflation. If cocoa prices in 1984 were to reflect their recent high levels they say this would not be helpful to the confectionery market. Such cost inflation would be absorbed as far as possible through increased operational efficiencies. Overall the directors are confident that the continued prosperity of the division will be assured.

The foods sector achieved an overall volume increase of 7 per cent in 1983. Both the KP and retailer services divisions shared in this growth and exceeded their volume targets for the year. Private label biscuits increased their volume by 8 per cent.

The KP brand improved its major market share of the nut market in spite of considerable private label growth and KP crisps expanded by 8 per cent.

It is expected that 1984 will see a continuation of the growth experienced in 1983 in the total snack market assisted by the continued development of multipack sales in the major multiples. This, together with the planned investment to further improve productivity levels, should result in the division attaining its profit objective.

Last year was once again a year of significant change and progress for frozen foods division. Turnover increased by 18 per cent and profit by 67 per cent, excluding Rakusen.

During 1984 further strong volume gains are planned in all three divisions of the frozen foods sector.

Although the merging of TFC-Sorge will cause some short term disruption and extra cost, the improved levels of efficiency planned throughout the whole of the division should ensure a "further encouraging increase in profits."

DS Crawford, which operates the group's bakery and meat interests throughout Scotland and the North of England, suffered from the continuing effects of reorganisation and further rationalisation of the business combined with difficult trading conditions.

In restaurants trading conditions in 1983 were buoyant. During the year the final phase of the re-organisation was completed at a cost of £0.8m. Before reorganisation costs, trading profits increased by 30 per cent.

Wimpy's improvement in profit was in the main attributable to volume growth, particularly in those restaurants sited in good retail trading areas. The main thrust of Wimpy International is to develop counter service restaurants. Sixteen new units were opened during 1983 bringing the total to 53 at the year end. Company-owned restaurants increased by three to 19 and franchised restaurants by 13 to 34, emphasising Wimpy's sustained commitment to franchising. Counter service volume now exceeds one-third of total volume and showed growth of 50 per cent over 1982.

In the U.S. the Keebler Company achieved record sales and profits. Aided by the strong market acceptance of several new biscuit items, sales revenue increased 12 per cent and trading profit by 8 per cent. This profit improvement was achieved in spite of heavy investment spending in support of geographic expansion and product diversification.

See Lex

Hugh Routledge

Away from his executive duties Sir Hector Laing checks the cookies as they come off the production line at the group's Harlesden factory. Trading profits from the biscuit division rose from £31m to £35m in a highly competitive trading environment.

U.S. launch costs hold down Invergordon

Attempting to break into the U.S. market held down pre-tax profits for 1983 at Invergordon Distillers (Holdings) to £3.63m against £3.93m but the final dividend has been held at 2.5p for a same-again total of 4p net.

The group, whose main brand is Scots Grey de luxe Scotch whisky, says that as forecast at the time of the interim report, the whole year results were affected by tha decision to introduce and promote the brand in the U.S.

Without the effects of the initial cost of the launch, the results would have been ahead of 1982.

Turnover of the Glasgow-based company, which is ultimately owned by Hawker Siddeley Group, was £22.96m (£22.1m). Interest took £463,000 (£640,000) and tax £1.07m (£856,000). Earnings per 25p share slipped to 13.11p from 15.73p.

At the half way staga pre-tax profits were £1.84m (£1.74m)

Brooke Bond advances to £29m

Brooke Bond Group lifted pre-tax profits from £20.9m to £29.2m in the six months to December 31 1983 and full year figures are expected to show a material increase over the previous year's £48.2m.

First-half turnover rose by £60.6m to £510.5m. Operating profits were up from £29.3m to £36.4m, of which overseas operations accounted for £19.5m (£13.3m) and European activities, £16.9m (£16m).

Interest charges dropped from £8.4m to £7.2m. After higher tax of £13.1m (£9.1m) and minorities of £1.2m (£0.6m), earnings came out ahead by £3.9m at £14.9m.

Earnings per 25p share on a net basis increased from 3.53p to 4.78p and the interim dividend is raised to 1.3125p (1.25p) net, costing £4.09m (£3.89m)—last year's final was 2.85p.

The average price of tea in the London auctions rose from 125p to 252p per kg during the half year and this increase was reflected fully in overseas auction centres. Despite adverse weather conditions generally the group's tea estate companies achieved excellent crops and in consequence profits increased significantly.

In Australia, Bushells Holdings has announced the issue of additional shares, to raisa A$17.6m (£11.5m). This will change its status in Brooke Bond Group from subsidiary to associated company. If this situation had applied for the full year to June 30 1983, it would have reduced reported group earnings of £24.2m by approximately £0.7m.

Net assets of Bushells and its subsidiaries at June 30 1983 were £30.8m, of which the Brooke Bond share was £23m. Because the issue is being made at a market price per share which is less than net tangible asset value, there will be a reduction in the book value of net assets attributable to the group.

A £2.3m provision in respect of this reduction has been made as an extraordinary item in the half year accounts.

● comment

Brooke Bond continues to ride high on the rising tea price, which has allowed it to double the plantations' operating profits to £12m. Backed by a heavy advertising campaign, retail tea margins have improved and market share has remained intact. But the 25 per cent increase in advertising costs left UK grocery profits down slightly. Mallinson-Denny has picked up nicely, with profits nearly doubled to £6m thanks to better timber demand from the construction industry and the fruits of earlier rationalisation. Overseas, Brooke Bond benefited from a sharp increase in tea demand in India and an easing of price controls in Pakistan. The weakest spots were Baxters, where profits slipped 30 per cent to £900,000 following the summer decline in meat consumption, and Zimbabwe, which lost around £1.2m due to drought and political unrest. The UK advertising campaign should pay off in the current half, and there la further scope for improvement from Mallinson-Denny, pointing to a full-year out-turn of around £70m pre-tax. The shares slipped 3p to 82p, where the yield is 5.1 per cent.

House of Lerose falls to £1.69m

Taxable profits of the House of Lerose, garment maker, fabric printer and dyer, dropped from £1.87m to £1.69m in 1983, after striking exchange losses of £45,000, against £80,000 profits before. At halfway, pre-tax figures were down from £622,000 to £536,000.

Tax for the year dropped from £793,000 to £699,000 giving net profits of £995,000, against £1.08m. Earnings per 25p share fell by 1.5p to 17.5p, but the final dividend is raised to 5p for a higher total payment of 8p (7.6p) net.

Dividends absorb £456,000 (£433,000) leaving a retained surplus of £539,000, compared with £647,000.

In current cost terms, after-tax profits were £638,000 (£777,000) and earnings per share came out at 11.2p (13.6p).

Tax release boost Schroders

AS A consequence of the phased reduction in corporation tax to 35 per cent announced in tha Budget, Schroders has released £6.5m from provisions and this has enabled it to push up its disclosed net profit from £15.39m to £20.92m in 1983. Tha dividend is raised by 1.5p to 18.5p, tha final being 13.5p.

The £6.5m is released from UK leasing companies' deferred tax provision. The group has consistently adopted the conservative policy of providing for deferred tax on the full liability basis; now in view of tha Chancellor's statement it is considered appropriate to make the release.

Operating profit after transfer to inner reserves, out of which provision has been made for diminution in asset values, rose from £11.05m to £11.79m. Interest on loans takes £2.46m (£2.43m) and there is surplus on sale of investment securities £5.09m (£3.84m), making £14.42m.

Lord Airlie, the chairman, says in 1983 activity was at a high level throughout the group. Benefit came from the strength of securities markets around the world and a general expansion in fee-related activities. However, the prudent provisioning policy contributed to lower earnings from the commercial banking operations.

Operating profits of J. Henry Schroder Wagg were higher, with increases from both investment and corporate finance activities. Profits of operations in tha U.S. were up, while earnings of the Swiss company reached a record level. Far Eastern business developed strongly, with increased earnings from operations in Japan, Hong Kong and Singapore.

By the year-end, capital and disclosed reserves of the group had increased by 21 per cent, from £103m to £125m. This reflects disclosed retentions of £18m and net exchange translation adjustments of £4m.

● comment

Schroders must be feeling pretty pleased with itself in the waka of the Budget. Its results, due on Wednesday, were held back until yesterday morning for the figures to be reworked to allow for corporation tax changes. Measures which have left some other banks with large tax liabilities on their leasing business have worked in favour of Schroders with its conservative provisions policy and the group was able to write back £6.5m from deferred tax into profits. Schroders last year benefited from the buzz of activity on the world's stock markets, with increases in its investment management and corporate finance earnings and a hefty profit on its own investments. Lending money was a less happy business — with bad debt provisions keeping the overall increase in operating profits down to a modest 7 per cent. For the current year, the group should continue to grow in corporate finance, particularly in tha Far East, and in the UK, given the Chancellor's favours to the stock market. Forecasting is difficult, with tha limited disclosure rules for merchant banks, but Schroders could make disclosed profits of £15.5m, after tax and movements to hidden reserves. With the shares at 312p, up 2p, the prospective p/e is 7.8.

UK COMPANY NEWS

Further recovery as TI turns in £16m

SECOND-HALF pre-tax profits of TI Group, Birmingham-based international engineering concern, expanded from just £0.8m to £10.1m and pushed the full 1983 figure further along the recovery road to £16.3m. This is compared with £4.7m last time and losses of £23.1m in 1981. A record £80m was achieved in 1978.

Turnover increased from £887.2m to £914.8m for the 12 months ended December 31 last, and trading profits amounted to £35.6m, £10m higher than in 1982.

The dividend is lifted by 2.5p to 10p net per £1 share with a final payment of 7.5p. The directors say this reflects not only the higher profits but also the acceleration in profit recovery taking place.

Greatly improved results are expected in the current year, and the directors intend to rebuild the dividend level as rapidly as is prudently justified.

Trading conditions for consumer products were favourable throughout the year, but demand for capital goods remained depressed until the last quarter when there was a slight improvement. The market for most types of steel tube deteriorated further during 1983.

A breakdown of turnover and trading profits shows: domestic appliances £254.1m (£232.8m) and £22.7m (£16.9m); cycles and toys £162m (£151.6m) and £2.5m loss (£7m loss); specialised engineering £290.5m (£261m) and £18.3m profit (£14.3m); steel tube £206.6m (£20.6m) and £1.1m loss (£3m profit).

The directors point out that the biggest profit gain came from domestic appliances, although cycles made good progress in reducing losses, and specialised engineering businesses continued their steady build-up. Only in steel tube was there a sharp setback, they state.

Good progress was made during the year with the Raleigh recovery programme and a major restructuring of the Sturmey-Archer components business was begun towards the end of 1982. A further tranche of £6m capital expenditure was approved last August, and the cycle business is expected to "move significantly into profit in 1984."

Two important rationalisation moves negotiated during the year in relation to loss-making areas of tubemaking, will have an important effect on 1984 profits, the directors state: The joint company, Seamless Tubes, formed with British Steel Corporation at the end of December, will eliminate the £2.5m loss suffered at TI Weldless last year; a further joint company formed with British Steel, Cold Drawn Tubes, commenced trading on March 12 and should lead to a "progressive reduction of losses over the year."

Also beneficial to the current year will be the acquisition, in July last year, of the Alfred Herbert product range which directors say helped TI's machine tool business to move back into profit in the fourth quarter after heavy losses in the first half.

Pre-tax figure for 1983 was after redundancy costs in ongoing activities of £2.9m (nil), lower interest charges £17m (£21.3m), and included associate's share of £0.7m (£0.5m).

Tax charge was £4.5m, compared with £3.3m, minority interests took £0.8m (£1m) and after the group's proportion of British Aluminium losses of £3.8m last time, the balance was £11m, against £3.4m losses.

There were extraordinary debits of £14.1m, although these were much lower than the previous year's £56.6m which included £36.3m on the sale of British Aluminium. After these items and dividends, £5.9m (£4.4m) there were losses of £9m (£64.4m). Earnings per share were 18.5p, against 5.7p losses.

Tight control of working capital enabled borrowings at the year-end to be reduced by £5.1m to £107.7m, despite higher sales and increased capital expenditure. Shareholders' funds, however, were down by a net £7.9m, as extraordinary loses exceeded retained earnings, leaving gearing little changed at 49 per cent.

Current cost accounts show pre-tax profits reduced to £3.7m (£10.6m losses) and the per share figure is given as 2.2p losses (30.7p).

See Lex

Bejam expands 29% to £7.8m

FIRST HALF taxable profits of Bejam Group, food and freezer retailer, increased by 28.6 per cent from £6.07m to £7.81m and directors forecast record figures for the full year.

Turnover for the six months ended December 31 1983 expanded 16 per cent to £153.82m, compared with £132.27m, and based on current turnover trends, directors are confident that second-half profits will be in excess of the £5.94m for last time.

Mr J. D. Apthorp, executive chairman, says that substantial volume gains in existing stores together with a good contribution from additional selling space combined to produce the turnover increase of 16 per cent, for the first half.

Sales showed consistent growth throughout the period, culminating in a "very busy Christmas," and was widespread across the group's product range.

Last November Mr Apthorp said that he was reasonably confident that in the current year the company would see progress in terms of both turnover and profits more in line with its growth record in earlier years. He added that food price inflation was still low but there was satisfactory volume growth from existing selling space.

He now points out that during the six months stores were opened in Marlow, Woodley (near Reading), Glasgow, Andover, Basingstoke, Chester, Burton-on-Trent, and Wandsworth. The latter two replaced smaller outlets in the same locality, and the group entered 1984 trading in 201 stores.

The interim dividend is lifted from 1.5p to 1.75p net per 10p share—last year's final payment was 1.75p.

After a tax charge of £2.67m, compared with £2.08m, net profits available came through at £5.13m, against a previous £3.99m, of which the interim will absorb £1.73m (£1.47m). Earnings are given as 5.2p (4.07p) per share.

	26 weeks 1983 £000	1982 £000
Turnover	153,819	132,273
Pre-tax profits	7,806	6,068
Tax	2,673	2,078
Net profits	5,132	3,990
Int. dividend	1,725	1,470
Leaving	3,407	2,520

● comment

After the trials and tribulations of last year when an abundance of fresh vegetables upset Bejam's frozen apple cart, it is back to impressive normality with a profits rise of 29 per cent. Stripping out new stores—there were eight openings in the half year including two resites — volume growth was 10 per cent. It is hard to quibble with that sort of expansion given the increasing challenge from supermarkets in frozen foods. Price inflation was less than 2 per cent. Traditionally Bejam's year breaks down roughly equally between the two halves and £15½m pre-tax looks a safe forecast. Assuming a tax rate of 35 per cent the prospective earnings multiple drops to 15 at 153p. That is towards the bottom end of its trading range and perhaps the time has come for the share price to shoulder its growth stock image again. There is no reason why that shouldn't happen after the relatively dull performance of the last couple of years. The only caveat is that weather and bumper harvests will deal Bejam the occasional blow.

Profit surge for Barker and Dobson

A STRONG second half for confectioner Barker & Dobson has lifted the group's pre-tax profits to £1.71m for the 12 months to end-December 1983. The figures compare with the £0.51m earned for the 40 weeks to the end of 1982.

As forecast at the interim stage the group is returning to the dividend list for the first time since 1979 with a net payment of 0.25p per 1p share.

On turnover of £66.78m (£37.88m for period), there was a trading profit of £2.52m (£1.11m), to which the confectionary division contributed £601,000 (£107,000) and retailing £1.92m (£1m). Group central expenses took £388,000 (£288,000), and interest £443,000 (£262,000). Loan stock interest absorbed £70,000 (£76,000).

The company has made provision, included in an extraordinary debt of £263,000 (£1.75m) for further costs associated with the disposal of its Liverpool factory. The directors state that the benefits arising from this closure began to show during the second half, but warn of a possible loss on the ultimate disposal. Negotiations are proceeding for the sale of the Liverpool site, but are not yet complete.

After the launch of the Dime chocolate brand, the company seeks to improve the profitability of the confectionery division by the progressive marketing of such brands in the UK market.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Barker & Dobson	0.25	—	nil	0.25	nil
Bejam int.	1.75	Apr. 27	1.5	—	3.25
BP	17	May 17	14	24	20.25
Brooke Bond int.	1.31	July 2	1.15	—	4.1
Cattle's (Holdings)	1	—	0.8*	1.7	1.28*
Chambers & Fargus int.	0.5	—	nil	—	0.75
T. Clarke	1.42	—	1.26	2.12	1.93
Coln Industries int.	1.1	April 26	—	—	—
East Lancs. Paper	0.84	April 27	1.84	2.5	3.5
James Fisher	1.6	May 22	1.5	3	2.83
Grattan	1	July 6	nil	1	1
House of Lerose	5	June 11	4.6	8	7.6
Howden Group int.	0.8	April 27	0.73*	—	2.42*
Invergordon Distillers int.	2.5	May 24	2.5	4	4
J. Jarvis	7.2	March 30	7.2	—	16
Lon. & Strathclyde int.	0.85	May 21	0.85	—	2.35
A. & J. Mucklow int.	2.1	July 3	2.1	—	4.5
Ne-Swift	1.48	April 4	1.21	2.4	2.14
Royal Dutch	5.4	—	4.65	9.85	7.85
H. Samuel (sec. int.)	4.75	July 27	4.75	6.25	6.25
Schroders	13.5	May 11	12	16.5	15
Sedgwick Group	2.25	May 11	4.5	7	7
Sharpe & Fisher	1.79	May 25	1.45	2.4	2
Shell Transport	15.9	May 23	12.6	26.2	21.8
Suter	1.75	—	1.25	2.5	1.75
TI Group	7.5	—	5	10	7.5
Transport Development	3.5	May 11	3	5	4.45
United Biscuits	4.3	July 2	3.55	7	5.8
Wolstenholme Rink	4.25	May 19	3.75	6.75	6.25

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶In lieu of final. As indicated in February announcement of offer for James Walker Goldsmith and Silversmith. ||Dutch florins throughout.

Appleyard turnround to £0.6m profit

DESPITE A turnround from last year's loss of £1.41m to a pre-tax profit of £0.6m for 1983, the board of Appleyard Group, motor vehicle distributor, is unable to consider a dividend. The last time the group paid a dividend was in November 1981.

The directors "feel that rebuilding the group's reserves and the reinvestment of profits in the business are the best ways of ensuring future prosperity."

Turnover for the year was up from £110.8m to £128m, and there was an operating profit of £1.34m, against last year's £147,000 loss. Interest and financial charges absorbed £1.14m (£1.39m) and tax £71,000 (£81,000), but an extraordinary credit of £21,000 (debit £591,000) signals the virtual end to the heavy rationalisation costs of recent years.

Earnings amounted to 6.4p (loss 18.9p) per 25p share.

The most significant contributions to the pre-tax profit came from cars and vans, which turned last year's loss of £1.41m into a profit of £104,000, and the trucks division's £165,000 (£46,000). The agricultural division (loss £66,000) was sold in the course of the year. The fuel oil and finance sectors also showed improvements. Year-end net borrowings were held to an increase of only £548,000, and throughout the year the company operated within its available facilities.

No increase in new car registrations is forecast, but there are signs that the medium truck market is beginning a slow recovery. Aggressive competition among the major car manufacturers will ensure another year of great pressure on trading margins, but the company anticipates that planned training and product introductions will enable it to make further progress.

Public Works Loan Board rates

Effective March 14

Years	Quota loans repaid by EIP†	A‡	at maturity§	Non-quota loans A* repaid by EIP†	A‡	at maturity§
Up to 3	9¾	9¾	10¼	11¼	11¼	11¼
Over 3, up to 4	9¾	10	10½	11¼	11¼	11¼
Over 4, up to 5	10⅛	10¼	10¼	11¼	11⅛	11⅛
Over 5, up to 6	10⅜	10⅜	10⅜	11	11⅛	11⅛
Over 6, up to 7	10¾	10¾	10½	11	11¼	11¼
Over 7, up to 8	10⅝	10½	10⅞	11	11⅛	11⅛
Over 8, up to 9	10⅝	10⅝	10⅝	11	11¼	11¼
Over 9, up to 10	10⅝	10⅝	10⅞	11	11¼	11¼
Over 10, up to 15	10⅞	10⅞	10⅞	11⅛	11⅛	11
Over 15, up to 25	10¾	10¾	10¾	11¼	10⅞	10⅞
Over 25	10⅝	10¾	10¾	10⅞	10⅞	10⅞

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANY NEWS

Suleyman calls in receiver at Mellins

By Ray Maughan

MR TOUKER SULEYMAN yesterday gave up the search to find additional equity for Mellins, the textile group he has headed since November 1982, and announced that the board has reluctantly invited Barclays Bank to appoint a receiver. Accordingly, Mr Robert Ellis and Mr John Richards of Touche Ross have been appointed joint receivers and managers of the group.

Shares in Mellins have been among the most volatile performers on the Stock Exchange in the past 18 months, hitting a peak of 240p — adjusted for the April 1983 rights issue — before slumping to the recent suspension price of 30p.

Mr Suleyman said when the quote was frozen at the end of February that he was looking for additional equity and the suspension had made potential backers reluctant to support the group. He said that he has already lined up the finance he required, but a certain unnamed party "let me down."

"For the past eight or nine weeks we have bad a cash flow problem," he added "but if I had had a few more weeks I could have got a package together."

On his calculations, Mellins had net assets of about £700,000 against total borrowings of some £1m which included overdrafts of £550,000. "The facility from the bank was about £650,000 at one point, but the bank reduced that when it asked me to go out and get fresh equity."

The receivers said that they were assessing the viability of the group in the hope of achieving a sale of the business as a going concern.

R. Dutch/Shell net income £2.75bn

WITH THE net income for the fourth quarter showing a £232m advance over the corresponding period of 1982, the Royal Dutch/Shell Group has turned in a total of £2.75bn for the whole of 1983, against £1.99bn.

Earnings on the basis of estimated current cost of supplies would be £2.88bn for the year, compared with £1.89bn in 1982. Net income for the fourth quarter rose from £748m to £980m.

The share of Shell Transport in the combined net income was £1.06bn, against £762m, and its earnings per share came to 96p (69.1p). Year-end net assets are given as 709.9p (613.79p). Shareholders are to receive a final dividend of 18.9p, pushing up the net total from 21.8p to 26.2p.

Royal Dutch's share in the income is £1.69bn (£1.23bn), its earnings Fl 27.39 (Fl 21.20), and its net assets per share Fl 198.32 (Fl 160.97). The final dividend is Fl 5.4 for a total of Fl 8.85, compared with Fl 7.85.

In 1983 combined sales revenues and other operating revenues moved ahead from £47.68bn to £53.14bn, while operational earnings rose from £2.68bn to £3.22bn. This was split as to oil and gas exploration and production - group £1.51bn (£1.08bn), Shell Oil and Shell Canada £1bn (£876m); manufacturing, marine and marketing group £527m (£607m), Shell Oil and Shell Canada £183m (£236m). Chemicals group £82m (loss £23m), Shell Oil and Shell Canada £46m (loss £6m). Other industry segments lost £135m (loss £88m).

The directors say the results are particularly satisfactory when viewed against a very competitive trading environment worldwide, in which continuing oversupply of crude oil and lower oil demand has led to lower average crude oil prices in dollars and intense market pressures on oil products prices.

Group net income was augmented on aggregation by the decline in sterling against most major currencies, in particular the U.S. dollar. The improvement in earnings arose mainly in the oil and gas segment with total group equity crude production increasing by 131,000 barrels daily to 1,497,000 barrels daily.

Other major factors were a substantial improvement in chemicals and considerably lower net corporate charges.

Excluding Shell Oil and Shell Canada, earnings in the oil and gas exploration and production sector showed a marked increase, compared with 1982, mainly as a result of significantly higher equity crude production, particularly in the North Sea, higher natural gas sales volumes and a strengthening U.S. dollar.

Although reported income declined compared with 1982, in the manufacturing, marine and marketing sector of the oil and gas business, earnings on an estimated current cost of supplies basis increased significantly.

The chemicals segment improved, particularly during the second half of 1983, and achieved a turn-around in reversing the loss-making position of 1982.

Shell Oil of the United States reported a 2 per cent increase in dollar earnings. Earnings in the oil and gas exploration and production and oil products sectors declined but were more than offset by the improvement in chemicals and other industry segments and a reduction in corporate expense.

The increase in dollar earnings was amplified on aggregation by the effect of weaker sterling against the dollar, resulting in a contribution to group sterling net income of £749m, an increase of 18 per cent.

Despite improved earnings from the exploration and production sector, Shell Canada's reported 1983 dollar income was considerably lower, mainly due to a decline in results from the oil products sector and increased interest costs for additional financing undertaken in 1982.

Capital expenditure and exploration expense at £4.75bn was 10 per cent below 1982, reflecting the completion of a number of major projects and some reduction in costs in exploration and production activities. Internally generated funds were more than sufficient to finance the capital expenditure programme.

Net working capital, excluding short-term debt, cash and short-term securities, declined by £684m, principally due to a fall in average crude oil prices. At average rates of exchange long-term and short-term debt decreased by £440m and £227m respectively.

Long-term debt ratio was 23 per cent at year-end compared with 26 per cent at the end of 1982. Cash and short-term securities were higher by £1.9bn and amounted to some £6bn.

The directors point out that there could be a material change in the high level of cash and short term securities. They have offered to acquire the outstanding shares in Shell Oil of the U.S. for $5.2bn; the funds would be financed by some $4bn from available group dollar holdings of cash and short term securities, and the remainder through existing or new lines of credit.

See Lex

BP up £150m after static final quarter

British Petroleum Co raised net profits by £150m to £866m in 1983, after little changed fourth quarter earnings of £249m, against £252m last time.

Earnings per 25p share advanced from 39.4p to 47.5p, of which 13.7p (13.9p) accrued in the final quarter. The year's dividend is lifted from 20.25p to 24p net, with a final payment 3p higher at 17p.

On a replacement cost basis (after adjustment for the current cost of sales less minority interests) profits for 1983 showed an increase from £627m to £970m.

Extraordinary items contributed a further £165m to profits. These comprised profits of £205m from the sale of part of BP's interest in the Forties field, and £53m from the sale of Canadian downstream operations—after deducting the costs of rationalising the group's remaining Canadian interests; less costs of £61m from disposals and closures in the oil, chemicals and minerals businesses and £32m arising from Sohio's withdrawal from abrasives manufacturing.

BP Exploration profits (before tax and interest) from oil and gas production, were up £136m to £1.1bn and continued to make a major contribution to the result. BP Gas profits from supply and distribution, shown separately for the first time, were £80m.

The group's UK North Sea oil production averaged 503,000 barrels a day, compared with 468,000 the previous year. Magnus field was producing at a rate of 112,000 barrels a day by the end of the year.

There was a major turnround in the group's downstream refining and marketing operations, with a profit of £205m against a loss of £86m in 1982. This was achieved mainly in European markets following cost-saving measures initiated over the past three years.

Satisfactory profits were also achieved in most overseas markets except Australia, where steps to strengthen the position were indicated by the recently announced negotiations to acquire Amoco Australia and by the decision to close Westernport refinery.

Improved European market conditions, combined with the continuing benefits of rationalisation, helped BP Chemicals maintain its steadily improving trend and reduce losses from £192m to £81m.

Weak markets for coal and metals continued adversely to affect BP Coal—which broke even (£7m profit) and BP Minerals, which lost £26m (£33m). BP Nutrition raised its profit from £16m to £27m.

Sohio, BP's associated company in the U.S., contributed £560m to group historical profits, little changed in sterling terms from the previous year's £562m though the underlying dollar result was lower.

A breakdown of replacement cost operating profits of £3.29bn (£2.93bn) by geographical area shows (in £m):—UK 725 (358); Rest of Europe 55 (loss 124); Middle East and Africa 213 (127); North and South America—excluding Sohio 271 (293) and including Sohio (100 per cent) 1,986 (2,238); Australasia and Far East 39 (38).

The group says there is continuing evidence that the world is emerging from recession. The financial benefits which BP experienced in oil and chemicals in 1983, as a result of its recent rationalisation measures, are expected to continue into 1984 as the costs of implementation are absorbed and a full year's benefit obtained.

BP Chemicals is breaking even and further savings can be expected from the newly-converted ethane cracker at Grangemouth. The petrochemicals industry as a whole, however, still has some way to go in rationalising its production facilities.

North Sea exploration activities will be intensified in 1984 and higher capital spending will take place on several projects, amongst them South East Forties, SWOPS and the Ula field.

In 1984 the group's internal generation of funds is expected significantly to exceed its funds requirement. Consequently, BP says, it may be advantageous to make some further repayment of borrowing. At the year-end the group had unused borrowing facilities of £4.1bn—of this £1.6bn was available to Sohio.

At December 31 1983 authorisations for future capital expenditure amounted to £5.5bn, most of this being for further exploration and development in existing areas of activity.

Funds generated from group operations increased from £3.66bn in 1982 to £4.59bn last year.

Working capital decreased following a further reduction in the level of oil stocks. After meeting capital expenditure requirements there was a surplus of £745m which, together with a reduction in liquid resources, has permitted the repayment of £1.5bn of borrowing.

Capital expenditure for the year was £3.24bn (£3.66bn); of this, £1.75bn (same) was incurred by Sohio. Over 70 per cent of total expenditure was on oil and gas exploration and production activities. The balance went mainly into oil trading, minerals and coal.

	1983 £m	1982 £m
Turnover	32,453	29,336
Cost of sales	23,753	21,213
Production taxes	2,417	2,563
Gross profits	6,283	5,560
Expenses*	2,696	2,666
Explora. expenditure†	987	607
Other income	526	712
Operating profits	3,146	2,999
Interest charges	553	694
Profits before tax	2,593	2,305
Tax	1,214	1,103
Minorities	513	486
Net profits	866	716
Extraordinary credit	165	-4
Making	1,031	712
Dividends	438	370
Retained	593	342

*Distribution and administration. †Written off. ‡Debit.

See Lex

Restructuring benefits help Cattle's reach £1.9m

WITH second-half pre-tax profits up £338,000 to £983,000, Cattle's Holdings produced a record of £1.91m for 1983 compared with £1.25m. Turnover of this financial services, retailing and merchandising and insurance broking group was little changed at £75.3m to £74.57m.

The net final dividend is being effectively lifted from 0.9p to 1p which raises the total from the equivalent of 1.28p to 1.7p. A one-for-five scrip is proposed.

Mr Roy Wandby, chairman, says that 1984 has started better than for some years and there are firm indications that continuing progress will be made in Shopacheck Financial Services and Roebys while the potential exists for a dramatic improvement at Cattle's Holdings Finance and CIB Insurance Brokers.

Interest rates which moved in the group's favour last year are not expected to vary greatly from the present level, while efforts to reduce the cost of slow paying accounts are more likely to be rewarded this year.

Turnover is showing a useful increase and a more expansionist policy overall augurs well for the future, Mr Wandby says.

A year of relative stability in the Shopacheck division after three years of restructuring saw the projected benefits beginning to show through to the bottom line. The directors believe they have now gone as far as is practical with rationalisation and planned expansion of customer base from the existing branch network is a major objective for 1984.

Building trade demand boosts Sharpe & Fisher

INCREASED DEMAND in the building trade helped Sharpe & Fisher, Cheltenham based builders' merchant and DIY stores operator, return pre-tax profits 44 per cent up at £1.85m for 1983 against £1.29m.

A net final dividend of 1.79p (1.45p) is recommended making 2.4p (2p) for the year. There is also a one-for-five scrip issue proposed.

Sales rose 21 per cent to £41.13m (£33.87m) and the pre-tax profit comprised £1.24m (£892,000) from the builders' merchant and £606,000 (£394,000) from the DIY stores.

Tax paid was £569,000 (£384,000) and earnings per 25p share climbed to 7.7p against 5.5p. Net asset value per share is shown as 60p (52p).

The company says that increased demand at builders' merchants continued throughout the year and is still evident in the early part of this year.

This demand resulted in volume increases in turnover at the company's six merchanting branches. Margins were under pressure because of competition, but in spite of this, the merchanting operation produced a satisfactory increase in profit.

Sandfords DIY stores had a good year and profits were well up. A new store opened at Swindon in December and the opening costs were written off in 1983. A new store in Cheltenham was opened on the site of its original premises in February and results from both are encouraging.

The company operates eight DIY stores and a further store at Christchurch, Bournemouth, is to open later this year.

Cocksedge passes

Structural and mechanical engineer Cocksedge (Holdings) is passing its preference dividend due on March 31, 1984. This brings the arrears up to 12 months.

BANK RETURN

	Wednesday March 14 1984	Increase (+) or Decrease (−) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	
Public Deposits	996,395,277	− 10,485,041
Bankers Deposits	702,566,907	− 5,926,778
Reserve and other Accounts	1,465,337,999	− 83,152,124
	3,181,146,683	− 18,740,806
Assets		
Government Securities	449,627,626	+ 76,432,494
Advances & other Accounts	725,585,986	+ 64,949,926
Other Securities	1,996,172,662	− 144,116,436
Premises Equipment & other Secs.	7,938,054	+ 1,449,917
Notes	177,405	+ 30,471
Coin		
	3,181,146,683	− 18,740,806
ISSUE DEPARTMENT		
Liabilities		
Notes Issued	11,490,000,000	
In circulation	11,482,461,946	+ 1,449,917
In Banking Department	7,538,054	− 1,449,917
Assets		
Government Debt	11,015,100	
Other Government Securities	1,739,339,058	− 199,291,320
Other Securities	9,740,645,842	+ 199,291,320
	11,490,000,000	

Extracts from the Chairman's statement

East Rand Proprietary Mines, Limited

(Incorporated in the Republic of South Africa)
Member of the Barlow Rand Group

The mine did well under the circumstances prevailing in 1983 to control the increase in unit costs to 9,7 per cent on a year-on-year basis. Production increases at the mine are almost exclusively due to the loyalty and dedication of all employees – D. T. Watt.

Summary of results

	Year ended 31st December 1983	1982
Operating results		
Tons milled	2 814 000	2 656 000
Gold produced – kilograms	11 105,1	10 693,7
Yield – grams per ton	3,95	4,03
Gold price received, average –		
Rands per kilogram	15 330	13 399
US Dollars per fine ounce	434	383
Exchange rate, US$ per R	0,91	0,92
Financial results	R	R
Working revenue	170 640 000	144 496 000
Working revenue per ton milled	60,64	54,40
Working expenditure	176 831 000	152 194 000
Working expenditure per ton milled	62,84	57,30
Working (loss)	(6 191 000)	(7 698 000)
Working (loss) per ton milled	(2,20)	(2,90)
State assistance claimed	18 734 000	18 687 000
Other income, net	6 642 000	6 560 000
Taxation and State's share of profit	—	—
Profit after taxation, State's share of profit and forfeited dividends	19 185 000	17 549 000
Profit appropriations		
Mining assets	19 180 000	17 551 000
Mining assets – net	20 752 000	20 926 000
Deduct: Capital expenditure not appropriated	1 572 000	3 375 000
General reserve provided/(reversed)	5 000	(2 000)

1983 marked the completion of ninety years of continuous production at the company's mine.

This is a proud achievement which not many gold mines in South Africa will be able to equal. There is, moreover, a considerable amount of gold which remains to be recovered from the company's mining title.

The year commenced with the gold price at approximately R16 200 per kilogram amid forecasts from many commentators that further modest growth could be anticipated during the next twelve months. Against the background of these forecasts and with burgeoning production from the mine, the company was optimistically planning to resume construction of the all-important Far East Vertical Shaft system. However, the company's financial resources were considered insufficient to enable the capital expenditure programme to be completed in the event of a downturn in the gold price. The company therefore approached the State, as a vitally concerned stakeholder, for a modest standby facility to be used only in the event of a serious erosion of the company's internal financial resources resulting from a decrease in the gold price in future. The approach was turned down by the State because, at reasonable gold price projections, the mine did not appear to be able to become independent of assistance in terms of the Gold Mines Assistance Act, 1968. Then on 31st March, 1983 the Minister of Finance announced the Government's intention to phase out the Gold Mines Assistance Act. The first step in this phasing-out operation was the proposal to drastically attenuate benefits payable with effect from the mines' financial year beginning after 1st April, 1983. These two developments and the progressive decrease in the gold price thereafter reduced the confidence and optimism which prevailed at the beginning of the year. The plan to resume sinking operations at the Far East Vertical Shaft was accordingly suspended throughout 1983. From April onwards, our technical consultants and the staff at the mine have been reviewing the future development of the mine to evolve a new strategy that would enable the mine to become independent of State assistance at the earliest possible date.

The primary requirement is to complete the Far East Vertical Shaft system as soon as possible. Coupling this requirement with the need to become independent of State assistance, it is now proposed that the Far East Vertical Shaft system be upgraded to enable an extra 80 000 tons of ore per month to be mined by the company. The processing of the additional ore will, of course, require the extension to the mill to be completed.

Capital expenditure

The total capital expenditure involved in upgrading the Far East Vertical Shaft system is estimated at R157 million, in current money terms. This expenditure will be incurred over a period of seven years. Satisfactory funding arrangements remain to be concluded.

The total capital expenditure likely to be incurred in 1984 is estimated at R30,3 million. This total includes a sum of R9,6 million to be spent on the Far East Vertical Shaft system. Assuming that the gold price received in 1984 averages R16 000 per kilogram, and that the State Assistance Scheme continues throughout the year, the company would have sufficient internal financial resources to fund the proposed 1984 capital expenditure programme and has therefore decided to proceed therewith. It is anticipated that clarity will be obtained before mid-1984 on the nature of State assistance likely to be granted after 31st December 1984, and that funding of capital expenditure in 1985 and beyond can then be finalised.

Gold

The gold price in US Dollars has for some time now been primarily and overwhelmingly influenced by the strength of the United States domestic economy and more especially United States interest rates. There are at present no definite indications of any significant changes impending in the United States economy and it would therefore be unwise to expect any large and sustained changes in the gold price in the short-term, in the absence of a major political crisis or sovereign debt default.

Gold is firmly established in the commodity markets of the world. Short-term price fluctuations must be expected to arise out of speculator activity on the various commodity exchanges as price movement is the lifeblood of these markets. Increased and sustained levels of physical consumption are required before a consistently higher price can be expected. It is likely that such increased levels of physical demand will materialise only after the Western world emerges from the affliction of the present economic depression and from the overwhelming attraction of a strong US Dollar.

Prospects

The continuing increases in costs are alarming and of major concern to your company. Ongoing increases of the magnitude recently experienced cannot be absorbed by low-grade mines, such as the company's, without serious financial implications.

The cost increases sustained by the company are a function of the inflation prevalent in the South African economy and there is little that management can do to counter the problem except to continue striving for productivity improvements. The existing mill is now being operated continuously at full capacity and therefore further economies cannot be expected until the mill capacity is increased as proposed earlier in my statement.

The consequences of the severe drought experienced in South Africa have certainly introduced further upward pressures on prices and thus ultimately on costs in the mining industry.

In view of the company's very substantial capital expenditure programme for 1984 and its strictly limited financial resources, I can see very little prospect of any dividends being declared in 1984.

مكتبة الأصل

UK COMPANY NEWS

MINING NEWS

'Real growth' for Sedgwick—dividend up 1p

DESPITE THE recent pattern of worldwide recession and difficult trading conditions, the Sedgwick Group of international insurance and reinsurance brokers has experienced "real growth" in its business for 1983. Profit before tax rose by 9.8 per cent, from £72.98m to £80.11m and the dividend is being lifted by 1p to 8p net with a final of 5.25p.

Mr Neil Mills, the chairman, estimates that the profit might have been some £9.5m lower had the international value of the pound been unchanged during the year.

Worldwide commercial and industrial activity remained at a low level resulting in reduced demand for insurance cover. Competition between insurance brokers for market share therefore remained intense. Continuing competition for business among insurance companies, caused by overcapacity, led to premium rates remaining very low in most areas.

The low rates, coupled with unsatisfactory underwriting results, led to higher loss ratios with a consequent effect on reinsurance markets. Towards the end of 1983, there were signs that the increased cost of reinsurance which a number of insurers were having to face was beginning to lead to increased premium rates on their own direct industrial and commercial business.

Gross premiums handled by the group increased from some £2.6bn to £2.9bn in 1983. Broking income of subsidiaries increased to £178m (£150m), particularly reflecting "commendable growth" in the UK-based companies.

The fee income of Lloyd's underwriting agencies increased from £6.41m to £7.89m, reflecting satisfactory results for the underwriting year 1980.

Interest and investment income fell £26.53m to £21.09m. The increased volume of business led to higher cash balances and this compensated, to some extent, for falling interest rates during the year.

Geographically, the profit before tax was split as to (in £000s): Europe, including UK £56,851 (£48,450); Africa £2,979 (£2,312); North and South America £13,568 (£12,442); Middle East £3,919 (£4,649); Pacific £3,791 (£5,122). By business, insurance and reinsurance broking contributed £66,840 (£63,649); Lloyd's and company underwriting agencies £5,422 (£4,571); insurance companies £5,848 (£4,755).

After tax £39.44m (£35.07m), minorities £521,000 (£218,000) and extraordinary income £1.31m (nil), the available profit for the year was £41.45m (£37.68m). Earnings were 18.5p (17.5p) per share.

● **comment**

Full year results from Sedgwick Group, Britain's largest insurance broker, do not bode well for the rest of the sector. Profits of £80.1m were around £4m below the lowest estimate made by analysts. Full year results would have shown a small fall but for exchange gains, which if stripped out would leave profits £9.5m lower at £70.6m. Sedgwick is now providing as much information as Willis Faber and for the first time it is possible to see the importance of investment income from group cash balances. Investment income was hit by falling interest rates and revenue from that source was nearly 21 per cent lower at £21.1m. Moreover the group has found it hard going in Australia: results from the Pacific area fell to £3.8m compared with £5.1m while Middle East profits were also down. Provisions for group bad debts are said to account for around 1 per cent of the expense item and provisions have been made for the Australian bush fire litigation currently in the courts in the latest figures. The group says that it is not involved in a major U.S. acquisition, but until its U.S. plans become clearer, and any search for a major U.S. retail outlet is resolved, the share price at 238p up 6p is likely to move in unpredictable fashion.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Goodman Brothers, Mills and Allen International, Pool Holdings. Finals: Hall Engineering, Landon and Manchester, F. Miller (Textiles), Television Services International, Westward Davies, Williams Holdings.

FUTURE DATES

Interims—	
Highland Distilleries	Apr 9
Scottish Metropolitan Property	Apr 3
Finals—	
Automated Security	Mar 22
Booker McConnell	Mar 27
Brixton Estate	Apr 11
Clay (Richard)	Mar 26
Clyde Petroleum	Mar 27
Elbar Industrial	Apr 10
Eucalyptus Pulp Mills	Mar 23
Fairview Estates	Mar 29
Harris Queensway	Mar 29
Ladbroke	Mar 28
McLaughlin and Harvey	Mar 21
Woodward (H.)	Mar 19

Grattan back in the black at £3.5m

A TURNROUND of £6.49m to profits of £4.37m in the second half at Grattan, catalogue mail order concern, has pushed profits back along the recovery path for the year ended January 31 1984.

Despite a first half loss of £864,000 (£1m profit) the surplus came out at £3.51m for the 12 months, compared with losses of £1.12m previously. A record £11.7m profit was achieved in 1977-78.

Excluding VAT, turnover amounted to £195.27m, compared with £183.34m and trading profits expanded from £1.98m to £6.75m.

Although the directors say it is too early to predict the final outcome of the spring/summer catalogue, both demand and sales are running ahead of last year and they expect further improved profitability for the current year.

A significant recovery took place, the directors state, in the company's main agency catalogue sales, where improved service and delivery to agents, combined with the full impact of the telephone ordering facility, resulted in a high sales figure for the second six months.

The final, single dividend is 1p.

● **comment**

After the spills of recent years it would have been a brave man who predicted a second half from Grattan anything like it actually experienced. For a change the surprise was pleasant and the shares rose 10p to 88p. After the setback of the first half, sales accelerated in the autumn and thanks to a much reduced cost base, achieved at the expense of profits in earlier years, the second half ramped in with £4.4m pre-tax. The last time Grattan showed a profit was in the interim to July 1982. The increased proportion of direct mail order business against the traditional agency operation has helped. There was a five point percentage shift over the year towards direct mail order so that agency now accounts for just 80 per cent. That will decline a further three points or so this year. Buoyant sales are one thing but in the mail order business it invariably means higher debt. And instead of the fall the market had been hoping for, Grattan's borrowings are virtually unchanged at £25.8m—52 per cent of shareholders' funds. Further profits recovery should come this year and Grattan has largely overcome the credibility gap following 1982-83's disaster. But what happens when consumer spending takes a cyclical downturn if Grattan still has a hefty interest bill?

Talking points from Toronto

BY KENNETH MARSTON, MINING EDITOR

THERE'S nothing like a mining conference, as opposed to a meeting of shareholders, to allow free rein to mining company spokesmen. In Toronto they have been taking full advantage of this "out-of-school" opportunity at the Prospectors and Developers Conference.

Mr M. N. Anderson, for instance, chairman of the major Cominco group was moved to observe: "Chile is beating the pants off us in copper," adding that the mining industry's balance sheets "are in tatters," because of sagging metal prices and shrinking markets.

What worries him and other North American mining men is what they see as an unfair competition and production cost advantage for producers of copper and other base metals in Third World countries.

These benefit from currency devaluations and financing from the International Monetary Fund which keeps surplus production capacity in operation.

Chile and Peru, said Mr Anderson, can produce copper for 50 cents per pound whereas it costs up to 90 cents in Canada. Mr Alfred Powis, chairman of Noranda Mines, added that "the operation of these (Third World) mines is no longer governed mainly by commercial considerations, but by the need to earn foreign exchange and to maintain employment."

Other observers took the view that part, at least, of the Canadian mining industry's problems originated nearer to home. The "Canadian Disease," was cited by Mr Michael Wilson, a member of the Canadian Parliament from the opposition Conservative Party.

He claimed that "the mining industry was successful, so federal and provincial governments decided to hammer it with heavy taxes," noting that the governments tightened regulatory and tax measures in the 1970s when international competition was becoming most severe.

Mr Peter Glenshaw, president of Glenshaw Inc of Reston, Virginia, thought that international investors had been driven away by confusion about Canada's stand on foreign investment and the continuing struggle between the provinces and Ottawa.

He called for lower taxes, uniform government policies and greater co-operation with the mining industry as measures which would enable Canada to improve its international reputation. "The question arises whether Canada is willing to get its act together . . . to make itself more attractive to long-term financing," he added.

But all was not gloom, as would be expected from a gathering of mining men. Noranda's Mr Powis predicted that the industry could return to profitability this year and have "very good years" in 1985 and 1986.

He said that while Canadian companies had allowed costs to get out of hand during the past good years, they had since drastically cut back on expenses, raised new equity capital and were now emerging "lean and mean" from the recession.

Mr Powis expected metal markets to gain strength as this year progresses. He thought that the demand for additional mining capacity could come sooner than expected and considered that Canada was in a good position to meet it.

He also felt that it would be wrong to assume that the Third World could engage in a new "orgy" of mine development to meet an upturn in demand. "It's difficult to conceive of any enthusiasm in banking circles in future for financing unneeded new mine projects in countries that are already nearly bankrupt." Mr Powis concluded with, perhaps, a flourish.

TDG profits improve to £21m

PROFITS, before tax, of Transport Development Group, road haulage, storage, plant hire and transport concern, moved ahead from £18.33m to £20.98m for 1983, after a second half increase from £10m to £11.76m.

Turnover expanded by £19.57m to £367.65m and the dividend is lifted to 5p (4.45p) net per 25p share with a final distribution of 3.5p.

The directors say that there are signs that in almost all areas of activity, and despite a slow start to the current year, 1984 is likely to show an improvement.

However, they point out this may not apply to the group's reinforcement companies, where over-capacity continues to be a problem. For the remainder there is more optimism than for some time, although it may not be until late in the year that the justification for this is fully demonstrated.

In the UK the general haulage fleets were busier than in 1982, contract hire and specialised haulage was highly successful, and progress was made in the development of national parcels and express freight services.

Warehousing and distribution services have grown as a result of new contracts with major manufacturers, and most cold stores filled to capacity during the 12 months.

The group's Dutch and French transport companies increased their profit contributions and the directors say there was a substantial uplift in the results of the U.S. transport businesses.

Results from North America overall were severely affected by the downturn of the reinforcement companies, both in the U.S. and Canada.

A geographical breakdown of group profits, at the pre-tax level, shows UK £17.45m (£13.84m); Europe £5.52m (£4.78m); Australia £1.59m (£2.19m); North America £1.74m (£2.77m); interest payable £5.37m (£5.24m).

A breakdown of the same profits on a divisional basis shows: UK—road haulage £6.62m (£5.89m); storage £3.31m (£3.12m); plant hire and other transport services £1.41m (£1m); reinforcement and exhibitions £117,000 (£748,000); overseas—road haulage £4.41m (£5.72m); storage £2.51m (£2.12m); plant hire and other transport services £122,000 (£162,000); reinforcement and exhibitions £139,000 loss (£1.73m profit); interest £5.37m (£5.24m).

At the operating level group profits moved up from £3.92m to £4.52m, before interest of £2.52m against £2.61m.

Attributable profits emerged 37 per cent higher at £1.26m (£921,000).

● **comment**

Transport Development's recovery is steady but agonisingly slow, with progress in Western Europe being knocked by the North American and Australian businesses. The picture is perhaps clearer on a functional level with the main gains coming from the cold storage activities in the UK and the U.S. trucking subsidiary Willig, which has taken full advantage of deregulation by expanding its West Coast base. Road transport activities at home have also shown progress, but on a more modest level as the benefits of the national economic uplift have been slow to percolate through. TD is well placed to take advantage when the momentum grows but this cannot overshadow the major bugbear of the moment—the steel reinforcement activities, which have edged into the red after turning in pre-interest profits of around £2m in 1982. The reasons are that in the U.S., the company is heavily involved in the hard-hit oil sector while at home, it has been affected by the Government cutbacks in the construction industry. There is not much that the company can do in this area, save cut costs and reduce production in line with demand. That is, until the picture gets clearer. At 114p, the shares are selling on a multiple of 10.9 while the yield is 6.5 per cent.

East Lancs. Paper hit by £0.2m redundancy costs

AFTER CHARGING redundancy costs this time of £216,000, pre-tax profits of the East Lancashire Paper Group fell from £532,000 to £415,000 in 1983, on higher turnover of £48.15m, against £44.92m.

The final dividend is reduced by 1p to 0.84p net making a lower total payment of 1.5p (3.5p). The company has faced four relatively "lean" profit years but during that time has taken the decision to maintain distributions, the directors state.

Demand for the group's paper mills products in the early months of 1984 has started to pick up, but to date the results are still poor, the directors report.

Compared with the difficulties experienced in the printing and writings sector, the profitability of the mills production of packaging grades improved during the second half and is continuing strongly into 1984.

The current year has also started well for the merchants side.

Robertson Research

S. G. Warburg has chosen the fixed price offer for sale as the best method to bring geological and natural resources consultants Robertson Research to a full listing on the Stock Exchange next week. The company carries a £19.6m market tag.

They are offering 2.56m shares, approximately 20.9 per cent of the equity at 160p per share of which 1m shares are new, raising just over £1m for the company.

Robertson Research has forecast pre-tax profits of not less than £1.7m for the year to March 1984 up from £997,000 in 1983. At 160p per share that gives a prospective p/e of 17.7 times and yield of 2.68 per cent on the total net dividend of 4.3p which the company would have paid if it had been listed for the whole year.

The group's petroleum related services provide the bulk of turnover and profits though it has moved successfully into other areas, particularly gas exploration, and has established a profitable wireline logging business.

In 1979, Robertson Research made an arrangement with a Canadian engineering group, SNC, which ended up with 45 per cent of the equity in the company. Its stake comes down to just under 29 per cent after the offer for sale. Grieveson Grant are brokers to the issue. The full prospectus will be published on Monday March 19.

Turnround at Marcopper

THANKS to the devaluation of the peso in the Philippines and slightly higher metal prices, Marcopper Mining managed to earn a modest Pesos 10.57m (£519,000) last year after having suffered a loss of Pesos 56.59m in 1982, reports Leo Gonzaga from Manila.

There was also a reduction in losses last year at Marcopper's 70 per cent-owned Mar Fishing subsidiary. The latter reduced its loss to Pesos 11.32m from Pesos 19.96m.

Marcopper's production of copper concentrates fell to 124,252 tonnes from 131,981 tonnes in 1982. But better prices were received from export buyers of the copper and gold-silver by-products. Furthermore, sales proceeds were boosted by the devaluations of the peso in June and October.

Mucklow cuts back housing

A SLIGHT reduction from £2.41m to £2.3m in pre-tax profit for the half year ended December 31 1983 is reported by the A. & J. Mucklow Group, which is engaged in property investment and development. But the housebuilding side is being reorganised and reduced substantially, and because of the costs attendant on this, the directors cannot forecast the level of group profits for the second half. In the previous full year the group produced £4.84m.

The directors say the results in housebuilding in the first half were poor, and this activity has decreasing relevance in the group make-up. The reorganisation should result in a substantial addition to cash resources. Land sales are expected eventually to more than cover reorganisation costs.

In recent months there has been an improvement in conditions affecting the industrial property investment activities, and the level of inquiries is beginning to look more encouraging. While this will not materially affect the current year results, it gives confidence for the future.

In the half year gross rentals came to £3.28m (£3.24m) and turnover to £1.73m (£926,000). Rental income was £2.97m (£2.95m) while the trading profit fell to £139,000 (£207,000) and investment income to £164,000 (£257,000).

After tax £597,000 (£468,000) the net profit was £1.7m (£1.94m) for earnings of 3.24p (3.67p). The interim dividend is held at 2.1p net; the total for the year 1982-83 was 4.5p.

During the half year the very depressed conditions affecting the industrial property market continued to have an adverse effect on profits. While some new lettings were achieved, further vacancies also occurred. The level of vacancies fluctuated, and at December 31 was approximately 450,000 sq ft (340,000 sq ft at July).

Reviews on several properties became due but did not contribute a substantial beneficial effect.

COMPANY NEWS IN BRIEF

In the first results since coming to the market by an offer for sale in September 1983, Coin Industries reports taxable profits for the six months to December down at £230,000, against £713,00, on turnover of £4.57m (£5.21m).

Shareholders, including the directors, holding 7.78m shares (67.6 per cent) are waiving a 1.1p interim dividend.

The board says the group's financial position is strong, although the results are disappointing.

Trading during the second half is traditionally higher and sales for the first two months of this year are improved, totalling £2.1m.

The company, which designs and makes coin handling equipment, says, however, that the directors do not expect second half turnover to reach last year's corresponding level of £7m which gave pre-tax profits of £1.2m.

And they forecast that this, plus higher operating costs, will result in lower second half profits than last year.

The tax charge was £119,000 (£377,000) and, after minority interests of £5,000 (£4,000), there was an attributable profit of £106,000 (£382,000). Earnings per 10p share are shown as 0.92p (2.87p).

* * *

Although trading profits showed a steady improvement interest charges this time of £54,000, compared with previous credits of £27,000, have left pre-tax profits of Chambers and Fargus £20,000 lower for the half-year to December 1983 at £60,000.

The results were also affected by a near-doubling of raw material prices.

The interim dividend is being restored at the old prevailing rate of 0.5p net per 5p share—only a final of 0.75p was paid for 1982-83. Sales for the opening six months totalled £7.97m (£4.64m). The group is a seed crusher and edible oil refiner and processor.

* * *

Pre-tax profits of James Fisher and Sons, shipowner and ship and insurance broker, fell from £3.75m to £2.1m for 1983 having been £774,641 lower at midyear at £1.6m.

On a net basis earnings emerged at 7.8p (15.22p) per 25p share but a final dividend of 1.8p lifts the net total from 2.825p to 3p. Turnover for the year totalled £28.57m (£20.72m). Tax took £290,000 (£280,000) and extraordinary credits amounted to £638,000 (£3.88m).

* * *

Increased pre-tax profits of £158,000 against £54,000 have been shown at the halfway stage by Bolton Textile Mill Co. Turnover of this clothing manufacturer expanded from £5.6m to £7.6m for the six months to the end of October, 1983.

Tax amounted to £45,000 (nil).

* * *

Shares amounting to 128,853 not taken up under the recent rights issue by Greenwich Cable Communications have been sold for the benefit of holders. Net proceeds amount to 5.4p per share. Amounts of less than £2 will be retained.

* * *

Sir Patrick Meaney, chairman of Rank Organisation, said at the AGM that the main problems in Australia were remedied and the continuing businesses in that country should be capable of trading profitably this year.

In the opening months of the current year trading results from the group's managed companies were ahead of last year and the expectation of increases in the profitability of the associated companies still appeared to be soundly based. The current year should be one of progress and improving performance.

* * *

Despite a marginal slip at mid-year Wolstenholme Rink progressed strongly over the second six months to finish 1983 with pre-tax profits of £1.14m. This compares with £737,000 for the previous year and was achieved on turnover of £19.21m against £16.78m.

Basic earnings totalled 20.9p (18.7p) and an increased final dividend of 4.25p makes a total of 6.75p (6.25p) net per 25p share.

The general improvement in demand experienced in the second six months has continued into the early months of 1984 and given a continuation in the gradual improvement in world trade further recovery in group profits is anticipated for the full year. The group's activities are predominantly connected with production of bronze and aluminium powder.

BIDS AND DEALS

Emess wins control of Michael Black

By Charles Batchelor

Emess Lighting has snatched Michael Black, the video and consumer electronics distributor, from the clutches of its unwelcome rival, Highgate & Job, with an offer worth £3.31m.

Emess announced yesterday that it had won the support of shareholders owning 51 per cent of the Black equity on top of its existing stake of 2.5 per cent.

The company increased its offer to two Emess shares and 135p cash for every nine Black shares. Emess's shares rose 12p to 395p yesterday to value each Black share at 80.5p and the total bid at £3.31m. Black's shares rose 2p to 76p.

Emess originally offered one of its own shares and 50p cash for every five Black shares, topping the initial bid from Highgate, an industrial oil refiner and protein meal trader.

Highgate countered within hours with a higher offer of 7 of its own shares for every five Black. At Highgate's unchanged share price of 186p yesterday this offer was worth £3.04m.

On March 9, Black rejected both bids, arguing that it was a cash-rich company with valuable properties. Neither offer reflected the true value of its shares, it said. Emess's offer was then worth £2.71m against the £2.96m value of the Highgate bid.

Emess has argued that its bid made commercial sense since both companies were engaged in broadly similar activities with Emess concentrated in the south and Black operating mainly in the north of the country.

Emess makes and distributes decorative light fittings and electrical accessories. It has forecast pre-tax profits of not less than £510,000 in the year ended December 31 1983.

Black's pre-tax profits fell to £105,000 in the six months ended September 30 1983 from £150,000 in the comparable period. Turnover declined to £2.41m from £2.65m.

* * *

Hall Engineering (Holdings) and SGB Group have failed to reach a satisfactory agreement on the proposed sale by HEH of the assets and business of its subsidiary, Gravity-Randall. The two companies have been unable to agree on the valuation of the land and buildings, having regard to planning consents available for the development of that facility. They say the transaction will not now take place.

Hawley backs Nu-Swift reverse bid

BY RAY MAUGHAN

MR MICHAEL ASHCROFT, the chairman of the Hawley Group, and Mr Gaston Murray, chairman of Security Corporation of America, Hawley's 40 per cent owned associate, have finally agreed proposals to inject significant new fire protection interests into Nu-Swift Industries for £16.1m.

As forecast at the end of December, Mr Murray's European Fire Protection Holding BV will inject its Associated Fire Protection business into Nu-Swift through a reverse takeover.

Nu-Swift, in which Hawley and Mr Murray each have a 14.99 per cent holding, is to acquire AFP for 24m new ordinary shares.

At the same time, Nu-Swift announced almost doubled pre-tax profits of £1.37m on almost unchanged turnover of £14.15m. It said that it had become a "more efficient and streamlined group" since Mr Murray joined the board to make his "major contribution to management."

Rationalisation of Nu-Swift's production and marketing has been undertaken but the group explained when the AFP deal was first mooted that rationalisation alone would not "form the basis for future expansion."

Nu-Swift achieved earnings of 4.18p per share against 1.9p after a tax charge of £1.03m and has increased total dividends for 1983 from 2.135p to 2.4p per share with a further dividend of 1.475p per share which will be payable on April 4.

Sometime in the middle of that month a poll of Nu-Swift shareholders will be taken to approve the merger with AFP which the board believes will best serve the long term interests of Nu-Swift. Mr Murray, who plans to become chairman of the enlarged group, has indicated that he intends that "Nu-Swift should seek to make suitable acquisitions, if opportunities arise, to increase penetration of European overseas markets."

If the merger had taken place at the beginning of 1983, Nu-Swift's earnings would have risen by a further 10-17 per cent depending on certain notional rates of tax and any exceptional and extraordinary items and the level of dividends remitted to the UK out of the AFP group's earnings.

At the suspension price of 67p, which forms the base price for certain option contracts between Mr Murray and Hawley exercisable within two years of re-listing, Nu-Swift is paying £16.08m through the issue of 24m new shares for a business which had net assets of £1m at the end of December. AFP made profits of £3.3m before tax in 1983 on turnover of £15.1m.

Expressed in French francs, AFP's turnover rose from 174m to 182m between 1982 and 1983 and taxable profits increased from 32.1m to 40.4m.

The Nu-Swift board concedes that net worth will fall from 18.5p to 10.7p per share as a result of the merger but it believes that this diminution "will be more than compensated for by the considerable potential for growth in earnings following the merger."

Immediately after the deal, Mr Murray would have 61.36 per cent of Nu-Swift's enlarged capital and Hawley's stake would have fallen to 5.82 per cent.

The Takeover Panel has, however, waived the Rule 34 requirement that Mr Murray and Hawley should make a general offer for all the outstanding shares in Nu-Swift.

In addition, Hawley has two options on European Fire Protection which would increase Hawley's holding in the expanded equity in two stages, first to 20 per cent and then to 29.99 per cent. At the same time Hawley can require EFP to buy back its option shares during the two-year period from completion while EFP has an option to buy back at the end of the two-year period the shares subject to Hawley's second call option.

The exercisable price is the lower of 67p or the middle market price on the day following re-listing.

Suter lifts dividend as £2m profits mark passed

By Ray Maughan

Suter, the air-conditioning and refrigeration equipment group headed by Mr David Bell, has continued its halfway progress and for the year 1983 turned round from a loss of £1.22m to a profit of £2.18m. It is raising its total net dividend from 1.75p to 2.5p per share with a final of 1.75p.

Turnover fell from £58.17m to £44.92m. Tax took £749,000 against £842,000 and there was an exceptional credit of £627,000 against the previous debit of £950,000. Earnings reached 10.2p, or 8.2p on full dilution, compared with the previous loss of 13.3p per share.

The scale of the recovery exceeded unofficial forecasts and the shares climbed 8p yesterday to 186p. Robert Fleming, acting for Suter, has been negotiating for the acquisition of Francis Industries, the motor components and packaging group, for the past week and it had been anticipated that agreement would have been reached to coincide with Suter's preliminary statement.

However, Francis does not expect to be able to provide a 1984 profit forecast before the earliest, and the talks may not be concluded for several more days thereafter. Francis shares were unchanged yesterday at 138p which gives a market value of £14.1m.

Suter already controls 26 per cent of the ordinary capital and is recouping a total of £11m from the sale of the SHUD division of Prestcold, its refrigeration business, together with the sale of surplus land and the repayment of bills of exchange discounted with banks and bank overdrafts.

It is almost certain that Suter will not offer an outright cash consideration although, with regard to the likely paper element of the deal, Mr John Hignett, for Lazard Bros which is advising Francis, said yesterday that "we shall be looking for something fully underwritten."

Mr Abell said that "sales in all operations are running at record levels and the Suter board views the future with confidence. The disposal of the Prestcold division will have a favourable impact on profitability in the current year, since those businesses did not achieve an adequate return on assets in 1983."

* * *

Cliff Oil has received acceptances for 9,023,904 Oil and Associated Investment Trust shares (90.2 per cent). The offer is accordingly unconditional as to acceptances.

The offer will be extended until further notice. The cash alternative will close at 3 pm on March 16 and will not be extended. The offer remains conditional on permission being granted for the new Cliff shares to be dealt in the USM and the passing of the appropriate resolution at the EGM of the Trust on March 29.

Clabir and Steaua Romana agree terms

The directors of Clabir International and Steaua Romana have reached agreement whereby offers to acquire the ordinary (restricted voting) shares and deferred shares, not already owned by Clabir, are to be made on its behalf.

Clabir's holding of both classes of share taken together represent 29.9 per cent of the total issued voting capital.

Terms are 50p cash for each Steaua restricted voting share and 50p cash for each deferred share. The offer values Steaua's at some £6.2m.

The Steaua directors, together with their financial advisers, consider the terms of the offers to be "fair and reasonable."

* * *

The document containing the proposed equity subscription and cash offer by G. M. Firth (Holdings) and parties acting in concert with Firth to acquire the shares in Porter Chadburn they do not already own has been issued.

The directors of Porter and its advisers recommend shareholders to vote in favour of the resolutions to approve the subscription by Firth, but also recommend shareholders who do not wish to retain their shares not to accept the Firth offer without previously consulting their professional advisor. It may be more advantageous for them to sell in the stock market.

BET merges plant hire and scaffold interests

BY CHARLES BATCHELOR

British Electric Traction (BET) is to merge its plant hire and scaffolding interests into a new holding company, BET Plant Services, with a combined annual turnover of nearly £100m.

This move represents a further step in the restructuring of BET's diversified industrial and service businesses aimed at creating a more recognisable group image. Mr Nicholas Wills, BET managing director, said: "The formation of BET Plant Services will bring together similar companies under a strong management team and will clarify the management structure."

The new holding company, which will come into existence on April 1, will be organised into three main operating subsidiaries.

Crayston White, formed by a merger of Grayston and J. D. White, will operate a fleet of about 400 cranes, capable of lifting up to 1,000 tons, from a network of UK depots and through subsidiaries overseas.

Eddison Plant will take over the general plant division of Grayston and assume responsibility for all general plant hire interests and the fork-lift truck division.

BET Access, a company formed last year by the merger of the scaffolding interests, Boulton and Paul and Grayston, is the third group. Main subsidiaries are Grayston Scaffolding and Stephens and Carter.

Mr Bill Boulton will become chairman and chief executive of BET Plant Services and retain his chairmanship of the main subsidiaries.

BET has spent the past year attempting to throw off its image as a sleepy, sprawling conglomerate ripe for takeover. It has withdrawn from peripheral and unprofitable activities to concentrate on six main areas of activity, including construction and plant hire.

Grosvenor acquisition and £1m rights

As well as reaching agreement to purchase for £400,000 Weigh-Count International, the directors of Grosvenor Group, electrical, electronics and engineering concern, also announce a one-for-five rights issue to raise a net £1.08m.

Weigh-Count and its subsidiaries specialise in the design and manufacture of weighing, counting, automatic packaging and mechanical handling equipment. It has a turnover of some £1.5m per annum and operates from a long-leasehold site of 1.05 acres on an industrial trading estate in Redditch and has 65 employees.

The consideration will be satisfied as to £318,450 by the issue of 212,300 Grosvenor 25p ordinary shares, with the balance in cash.

Pre-tax profits of Weigh-Count were £88,000 for the nine months to December 31 1983, against £46,000 for the previous year.

The net proceeds of the Grosvenor rights issue, of 1,003,282, 25p shares at 130p payable in full on acceptance, will be used partly to repay the term loan of £700,000 incurred to finance the acquisition of a majority interest in Backer Electric. The balance will assist with the funding of a planned expansion programme particularly in respect of two existing subsidiaries, Floform and A. M. Lock and Co.

The rights had been underwritten by Charterhouse Japhet and brokers to the issue are Phillips & Drew.

Commenting on the announcements, Mr Nigel Chamberlayne-Macdonald, chairman, says the company's strategy is to develop as a group of "market niche" companies, each with sound growth prospects, operating primarily as manufacturers of electrical and electronic goods.

BIDS AND DEALS IN BRIEF

Ivan F. Boesky Corporation, through its subsidiary, Seemala Corporation, has acquired 150,000 ordinary and 20,000 capital shares in Cambrian and General Securities as follows: 25,000 ordinary at 69p and 75,000 ordinary at 70½p on March 6, 50,000 ordinary at 71p on March 7, 15,000 capital at 100p and 5,000 capital at 101p each on March 8.

Ivan F. Boesky Corporation is now interested in 453,000 ordinary and 4.13m capital shares.

Ivan F. Boesky, through the Ivan F. Boesky Corporation of which he is the controlling shareholder of the 150,000 and 20,000 capital shares, his total interests are now 1.73m ordinary and 9.39m capital shares.

Stephen J. Conway has acquired 25,000 ordinary and 10,000 capital shares as follows: 10,000 ordinary at 62p on February 24, 13,000 ordinary at 65.5p on February 28 and 10,000 capital shares at 96.625p on February 29.

* * *

Trafalgar House has purchased for U.S.$4m (£2.73m) Odyssey Energy Inc, an oil and gas exploration and producing company centred in Houston, Texas.

Trafalgar intends to expand and develop its oil and gas business in the U.S. and the acquisition will complement its on-going participation with Thomson Monteith on Dallas, Texas.

Odyssey has generated funds from U.S. investors who become Limited Partners in exploration ventures. To date, over $100m has been invested to drilling for oil and gas in the U.S. As a result Odyssey now shares in oil and gas production in nine States.

* * *

Henry Ansbacher Holdings, the London-based international financial services group, has formed a U.S. company, Henry Ansbacher Inc, which will specialise in the fields of media high technology and financial services.

Additionally, the company will provide project financing, leasing and capital funding to the shipping, aviation, transportation and energy industries.

The company's co-managing directors are Christopher Shaw and Paul Slater. Previously, Mr Shaw was responsible for the communications, merger and acquisition group of Bankers Trust Company. Mr Slater was president of Oceanic Finance Corporation and prior to that, international director of Grindlay's Bank merchant banking operations.

Laurence E. Levene is executive vice-president and chief operating officer.

* * *

Mount Charlotte Investments is making an offer for the minority preference shares in its subsidiary Nuthalls (Caterers).

Some 85,503 Nuthalls 7 per cent preference shares of £1 are proposed to be exchanged for 9¼ per cent convertible unsecured loan stock 1995-2000 of Mount Charlotte on the basis of 100 7 per cent preference shares for £29 stake. The offer values each Nuthalls 7 per cent preference share at 65.25p.

* * *

Bristol Oil and Minerals has completed the sale of Berry Wiggins to the company's managers.

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As at March 14 BAT Industries had received 98.92 per cent acceptance of its offer for Eagle Star.

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Discussions regarding the future of Channel Hotels and Properties have reached an advanced stage but the directors say there is "still some way to go."

SHARE STAKES

Hamilton Oil Great Britain—Cazenove Incorporated has purchased a total of 414,000 ordinary shares. It has also sold a total of 69,000 ordinary shares in Hamilton Brothers Petroleum Corporation.

Michael Black — Stillbury, an associate of Highgate and Job Group, has purchased 2,500 ordinary shares at 68p each; 10,000 ordinary at 69p each; 15,000 ordinary at 70½p each; 45,000 ordinary at 71p each; and 5,000 ordinary at 71½p each.

Vectis Stone Group — Charles Edmund Wilkinson and Mrs Kathleen Berth Hentoo have disposed of 115,000 ordinary shares.

Trans National Trust — Allied Irish Holdings now holds 12,790,423 shares (84 per cent). This holding is sub-divided into numerous accounts which are beneficially owned by individual clients of Allied Irish Investment Bank.

Fleming Fledgeling Investment Trust—County Bank is now the holder of 675,000 ordinary (5.37 per cent).

Birmingham Mint—Prudential Corpn Group of Companies no longer interested in 5 per cent or more of the ordinary shares.

Amstrad—R. East, director, has disposed of 30,000 ordinary.

Glass Glover Group—H. Glass, chairman, sold 152,509 ordinary reducing holding to 457,520 (5.084 per cent). G. Glass, joint managing director, sold 149,853 ordinary reducing holding to 1,390,145 (15.45 per cent).

Electronic Machiner Company—P. C. Anninos, chairman, purchased 5,000 ordinary, increasing holding to 5,500 shares.

BASE LENDING RATES

A.B.N. Bank	8½%	■ Hambros Bank	8½%
Allied Irish Bank	9 %	Heritable & Gen. Trust	8½%
Amro Bank	8½%	■ Hill Samuel	§8½%
Henry Ansbacher	8½%	C. Hoare & Co.	†8½%
Armco Trust Ltd.	8½%	Hongkong & Shanghai	8½%
Associates Cap. Corp.	9½%	Kingsnorth Trust Ltd.	10 %
Banco de Bilbao	8½%	Knowsley & Co. Ltd.	9½%
Bank Hapoalim BM	9 %	Lloyds Bank	8½%
BCCI	9 %	Mallinhall Limited	8½%
Bank of Ireland	9 %	Edward Manson & Co.	10 %
Bank Leumi (UK) plc	9 %	Meghraj and Sons Ltd.	8½%
Bank of Cyprus	8½%	Midland Bank	8½%
Bank of India	9 %	■ Morgan Grenfell	8½%
Bank of Scotland	8½%	National Bk. of Kuwait	8½%
Banque Belge Ltd.	8½%	National Girobank	8½%
Banque du Rhone	9½%	National Westminster	8½%
Barclays Bank	8½%	Norwich Gen. Tst.	8½%
Beneficial Trust Ltd.	9½%	R. Raphael & Sons	8½%
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	8½%
Brit. Bank of Mid. East	8½%	Roxburghe Guarantee	9½%
■ Brown Shipley	9 %	Royal Trust Co. Canada	8½%
CL Bank Nederland	8½%	■ J Henry Schroder Wagg	8½%
Canada Perm't Trust	10 %	Standard Chartered	8½%
Castle Court Trust Ltd.	9 %	Trade Dev. Bank	8½%
Cayzer Ltd.	9 %	TCB	8½%
Cedar Holdings	9 %	Trustee Savings Bank	8½%
■ Charterhouse Japhet	9 %	United Bank of Kuwait	8½%
Choulartons	10½%	United Mizrahi Bank	8½%
Citibank Savings	¶10½%	Volkskas Intnl. Ltd.	9 %
Clydesdale Bank	8½%	Westpac Banking Corp.	8½%
C. E. Coates	9½%	Whiteaway Laidlaw	9 %
Comm. Bk. of N. East	8½%	Williams & Glyn's	8½%
Consolidated Credits	9 %	Wintrust Secs. Ltd.	8½%
Co-operative Bank	*8½%	Yorkshire Bank	8½%
The Cyprus Popular Bk.	8½%	■ Members of the Accepting Houses Committee.	
Dunbar & Co. Ltd.	8½%	* 7-day deposits 5.25%, 1-month 0%. Fixed rate 12 months £2,500 8% £25,000 12 months 8.5%.	
Duncan Lawrie	8½%	† 7-day deposits on sums of under £10,000 5%, £10,000 up to £50,000 5½%, £50,000 and over 7%.	
E. T. Trust	9½%	‡ Call deposits £1,000 and over 5%.	
Exeter Trust Ltd.	9½%	‖ 21-day deposits over £1,000 6%.	
First Nat. Fin. Corp.	11 %	§ Demand deposits 5%.	
First Nat. Secs. Ltd.	10½%	¶ Mortgage base rate.	
Robert Fraser	9½%		
Grindlays Bank	‡8½%		
■ Guinness Mahon	8½%		

مكتبة الأهرام

TECHNOLOGY

EDITED BY ALAN CANE

CADBURY'S £120m INVESTMENT IN NEW PRODUCTION TECHNIQUES

Robots in the chocolate factory

BY PETER MARSH

THE BUBBLES in Cadbury's latest chocolate bars are uniform in diameter to within a tenth of a millimetre — a fact of which Mr Geoff Loosemore is rather proud.

Mr Loosemore is the engineering co-ordinator of a £120m investment project at Cadbury in new production technologies. Most of the work is at the company's chief manufacturing site at Bournville, a suburb of Birmingham, which has turned out chocolate for 105 years.

The Quakers who founded the Bournville factory, in what was then the countryside, would fail to recognise the place today.

As a result of a modernisation programme that started four years ago, Cadbury's engineers are, with a greatly reduced workforce, making chocolate to a higher standard.

Thus the tiny air bubbles in Cadbury's latest Wispa bar are all within 0.2mm and 0.3mm in diameter — a feat in process control that would have been impossible with conventional manufacturing methods.

Turning out sweets is similar to steelmaking—only more difficult

Mr Loosemore says that turning out chocolate bars and sweets is similar in principle to steelmaking — only more difficult.

Before the automation programme, chocolate manufacture was a series of discrete operations individually supervised by workers at separate control points. When the project ends next year, all the steps in the production of a bar or sweet will be controlled by a hierarchy of computers.

One person will supervise the whole operation from a control room that bristles with computer terminals and TV screens. The control rooms would not look out of place in a nuclear-power station or a chemical works.

Just 20 people will be needed to run a complete manufacturing unit that both makes and wraps some 1,500 chocolate bars a minute. This is compared with three to four times the workforce to run a process using conventional manufacturing technology.

By reducing labour costs, the programme will make chocolate manufacture more efficient, says the company.

Bournville employs some 4,700 people, compared with roughly 6,000 four years ago. Men and women on the factory floor number 3,000, about half the figure in 1977.

The reduced workforce turns out roughly the same volume of products. Each week the Bournville site churns out 1,500 tonnes of chocolate. This breaks down to 1.6m bars of various kinds plus 50m hazelnut whirls, almond clusters and other individual sweets.

With the new hardware, the dimensions of individual sweets and bars can be tightly controlled. This saves the company money—for example less chocolate is wasted as a result of sweets that are thicker than they should be.

And gone, at least in theory, are the days when whole-nut bars and the like stimulate complaints from the chocolate-eating public on the grounds that they contain too few nuts. Nowadays, the amount of added products is controlled to a tight margin in each individual slab.

As another result of closer control, automated hardware can play a big part in the packing of chocolates into boxes. Traditionally, lines of people stand by conveyors and pick off individual sweets to put them into containers.

Humans are adept at spotting when, for instance, a coffee cream is mis-shaped. They will accordingly adapt their routine in a way impossible for unintelligent hardware.

But now that factory managers are confident that virtually all the sweets are uniformly shaped, two-thirds of the packing at Bournville is done by automatic grappling mechanisms.

The shape of chocolate making to come is illustrated in Cadbury's recently commissioned £10m plant which turns out Wispa bars.

When the automation programme is finished, the Wispa unit will be one of a dozen individual manufacturing plants at Bournville that operate according to the new principles. These will replace 37 old plants.

Each unit makes a specific kind of bar or a family of sweets. They receive raw chocolate—a viscous mixture based on cocoa beans, sugar and milk—from a separate facility at Bournville that the automation project has not affected.

The new units will operate 24 hours a day. They take up roughly half the space of the old installations—which is why bulldozers and demolition gangs have been a feature at the Bournville site, knocking down buildings that are no longer required.

The Wispa plant takes in raw chocolate in vats at about 30 deg C. Each container is sent by fork-lift truck to the Wispa site, where it is met by a laser beam. This reads a bar code on the side of the vat that sets out the exact nature of its contents.

Each Wispa bar is made as a result of three basic operations. The raw material is first emptied into a series of bar-shaped moulds.

These are then turned upside down in such a way that a thin layer of chocolate remains on the bottom and side of the moulds. Thus the result is a series of small "trays" of chocolate resembling miniature window boxes.

In the second operation, another batch of chocolate is squirted by nozzles into the trays. This chocolate has initially been subjected to a special technique—details of which Cadbury keeps secret—in which air is spurted into the chocolate to give thousands of microscopic bubbles.

In the last stage of production, another layer of chocolate seals each newly-filled tray to produce a finished bar that is sent by conveyor for automatic wrapping. By this time the chocolate has cooled to room temperature at about 15 deg C.

Other types of product are made according to similar procedures. Thus to make individual sweets, the outer shell is produced with a similar casting process and is filled with an injection of cream.

During the process, control of temperature and the metering of quantities of chocolate are crucial factors. If, at a vital stage, chocolate is cooled too quickly or too slowly, fat globules in the mixture will crystallise out at the wrong time.

This could make the chocolate too "crispy." Alternatively, explains Mr Loosemore, the finished bar or sweet could have a dull lustre unappealing to consumers.

Central computers deal with 250,000 instructions at any one time

In the Wispa plant, individual microprocessors monitor factors such as temperature at about 1,000 different points. They feed information to central computers that deal with 250,000 instructions at any one time.

Mr Loosemore says that his team of engineers had to find out in great detail what happens to chocolate during every stage of the production operation. "We learned much more than we ever knew before. We are far better at diagnosing what is happening to the chocolate at every point in the process."

The operators in charge of the new control rooms are mostly people previously employed in the old plants whom Cadbury has retrained. They are mainly workers who were young and flexible enough to change their approach to chocolate making.

In 1890, left, chocolate manufacture was highly labour intensive; today, automatic machines replace human dexterity in placing finished chocolates in boxes.

OFFICE AUTOMATION

Philips unviels IBM PC look-alike

PHILIPS, within the framework of some announcements about its "Sophomation" office automation approach, has revealed it has finished the development of a personal computer which looks and behaves almost exactly like the IBM PC.

Apart from the fact that it will be launched in June and will have "a better word processing package than the IBM machine," there are few details.

But the company says the machine—the P3100—will be price competitive and will be sold, standalone, to anyone who wants to buy it. The design was subcontracted, although Philips intends to manufacture, starting "soon."

Another component of the system will be Megadoc, the company's optical mass storage disc system. Likely applications will be for archival storage of documents. Philips has 10 pilot sites in action and says it has now sold four "live" systems to unnamed customers in Germany, Switzerland and Holland. In addition, it has revealed a joint venture agreement with Control Data Corporation (CDC), for the manufacture of Megadoc, with the objective of mass production by the end of this year.

Philips points out, however, that Sophomation is an overall office automation software philosophy rather than an introduction of, or focus on, hardware. It stresses that P3100 and Megadoc are just two of a number of equipments that will be introduced to bring its Sophomation idea to fruition.

The company will also launch new versions of its terminal and word processing systems later this year. "Multi-windowing" techniques will be available for workstations by the summer.

"Sophamation" is a contraction of "synergetic open-systems Philips office automation" and embraces the Sophonet wide and local area networking philosophy launched by the company last September.

The main feature of this is that communication between dissimilar equipments—internally and external public telecommunications lines is possible by having all the necessary protocol conversion at network interconnecting points (nodes). There is no central computer; the packet system's communication intelligence is distributed in software in the various nodes.

Philips is now enhancing its "line of business" software—its strong area is financial terminals—to embrace other office automation functions such as word procesosrs and electronic mail.

An application software generator will be available which will allow users to customise their line of business systems to give those office automation funcions that are needed.

Philips is also looking at document handling and interchange and has developed COACS (common office automation communications structure). This deals with the IBM document exchange protocols, DCA (document content architecture) and DIA (document interchange architecture) which are now being described in some quarters as "de facto" standards.

Philips, which has 300,000 workstations in the field, says it has made sure that the new software is flexible in terms of both user entry point and growth. Users can start implementing office automation at different levels knowing that integration into a sophisticated, application-oriented syatem will be the eventual result.

GEOFFREY CHARLISH

INFORMATION PROCESSING

Resistant optic fibres

SUMITOMO Electric Industries has developed optical fibres strongly resistant to large amounts of radiation, which could be used for information processing systems at atomic power plants.

Japan's largest maker of electric wires and cables said the new product has a mixture of fluorine at its core instead of the germanium used for conventional fibre optics which become almost useless for transmitting information when exposed to gamma rays of 10,000 Roentgen.

The new fibres can transmit one-tenth of the normal information flow under the same severe conditions, but will be priced 20 to 30 per cent higher than the ordinary products.

Data

Automatic filing

AUTOMATIC FILING and retrieval of documents, cards and microfiche is the purpose of a new machine from Reliance Systems, the marketing company of GEC Information Systems.

Ten filing trays each holding 2,000 cards or 1,000 document or microfiche wallets have microprocessor controlled file selectors operated from a keyboard.

Cards or wallets, mixed if necessary, are coded with selection data and filed in any spare slot in a tray. When a selection is keyed, the tray's mechanism pulls forward the wallets required—one keyboard selection causes all the trays to be searched simultaneously.

Codes can be constructed to select single wallets or those satisfying particular group characteristics such as date or subject matter. More on 01-836 2205.

Conference

Man and machine

A THREE day conference, "Human Factors in Engineering," is being organised by IFS Conferences at the Park Lane Hotel between April 3 and 5 1984.

Called HUMAN 1, the meeting will examine such subjects as the relation between man and machine, the the quality of working life, social and industrial relations, the effects on employment of new technology, and the process of introducing change.

Conference fee is £325 excluding VAT and further information can be obtained from the conference organiser, IFS (Conferences), 35 High Street, Kempston, Bedford MK42 7BT (0234 853605).

COMPANY NOTICES

RAND MINES (MINING & SERVICES) LIMITED
(Incorporated in the Republic of South Africa)
A Member of the Barlow Rand Group

NOTICE IS HEREBY GIVEN that the annual general meetings of the undermentioned companies will be held in the auditorium, lower ground floor, 63 Fox Street, Johannesburg on the dates and at the times shown:

Name of Company (Each incorporated in the Republic of South Africa)	Date of Meeting	Time of Meeting	Closure dates of Registers of Members (inclusive)
Durban Roodepoort Deep, Limited	12th April 1984	10h30	6th to 12th April 1984
East Rand Proprietary Mines, Limited	12th April 1984	11h30	6th to 12th April 1984

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote on a poll and speak and act in his stead. A proxy need not be a member of the company.

Holders of share warrants to bearer who desire to attend or be represented at the meeting must produce their share warrants or a certificate of their holding from a banker or other approved person at the bearer reception office in the United Kingdom, or they must produce their share warrants at the office of the Paris correspondents, in both cases at least five clear business days before the date appointed for the holding of the meeting and shall otherwise comply with the "Conditions governing share warrants" in force. Upon such production a proxy form or an attendance form will be issued under which such share warrant holders may be represented at the meeting.

By Order of the Boards
RAND MINES (MINING & SERVICES) LIMITED
Secretaries
per V. M. Murton

Registered Offices:
15th Floor,
63 Fox Street,
Johannesburg 2001.
(P.O. Box 62379, Marshalltown 2107)
16th March 1984

NOTICE TO BONDHOLDERS
Saab-Scania Aktiebolag
US$50,000,000 8½ per cent Bonds due 15th March, 1989

Pursuant to the terms and conditions of Bonds, notice is hereby given that during the twelve-month period beginning on 15th March, 1984, the Company has purchased US$2,500,000 principal amount of the subject Bonds in satisfaction of the Purchase Fund requirements.
As of 16th March, 1984, the principal amount of such Bonds remaining in circulation was US$32,500,000.
FOR SAAB-SCANIA AKTIEBOLAG
CITIBANK, N.A., London
16th March, 1984

BURTON BV
(Incorporated with limited liability in the Netherlands)
A subsidiary of the Burton Group plc.
(Incorporated with limited liability in England)

NOTICE TO HOLDERS OF FRENCH FRANC 5¼% CONVERTIBLE GUARANTEED LOAN 1992

At the Annual General Meeting of The Burton Group plc held on 17 January 1984 Resolutions to increase the authorised share capital of the Company and to make a one-for-one scrip issue were passed.

As a result, the rights attaching to the Loan have been adjusted to reflect the capitalisation issue by reducing the conversion price from 129p per share to 64p per share. This adjustment has been certified by Price Waterhouse the auditors of The Burton Group plc. as being in accordance with the terms of the Trust Deed.

Commercial Union Assurance Company plc. as Trustee of the Loan has given its agreement to the new conditions.

Principal Paying Agent:
N. M. Rothschild and Sons Limited,
New Court,
St. Swithin's Lane,
London EC4P 4DU.

Paying and Conversion Agents:
Banque Internationale a Luxembourg SA,
2 Boulevard Royal,
Luxembourg.

Algemene Bank Nederland NV,
32 Vijzelstraat,
Amsterdam.

L'Europeenne de Banque,
21 Rue Laffitte,
Paris 9e.

Sal Oppenheim Jr and Cie
4 Unter Sachsenhausen,
Cologne.

CANADIAN PACIFIC LIMITED
(Incorporated in Canada)

DIVIDEND NOTICE

At a Meeting of the Board of Directors held today, a quarterly dividend of thirty-five cents (35c) per share on the outstanding Ordinary Capital Stock was declared, payable in Canadian funds on April 30 1984, to shareholders of record as at the close of business on March 26 1984.

By order of the Board,
J. C. AMES,
Vice-President & Secretary.
Montreal
March 12 1984

NOTICE TO HOLDERS OF
SANKYO SEIKI MFG. CO., LTD.
3⅛% CONVERTIBLE BONDS DUE 1991

Pursuant to the Provisions of Clause 5(D) of Conditions of Bonds under which the above Bonds were issued, NOTICE IS HEREBY GIVEN as follows:

1. On March 8, 1984 the Board of Directors of the Company resolved to make a free distribution of shares of its common stock to shareholders of record as of March 31, 1984, in Japan, at the rate of 0.1 new share for each share held.
2. Accordingly, the conversion price at which the above bonds may be converted into shares of common stock of the company will be adjusted effective immediately after such record date. The conversion price in effect prior to such adjustment is yen 1,689 per share of common stock, and the adjusted conversion price is Yen 1,535.50 per share of common stock.

SANKYO SEIKI MFG. C., LTD.
Dated: March 19, 1984.

STANDARD BANK IMPORT & EXPORT FINANCE COMPANY LIMITED
US$50,000,000 GUARANTEED FLOATING RATE NOTES DUE 1999
(Convertible at the option of the Noteholder into 9¼% Guaranteed Bonds due 1985)

NOTICE IS HEREBY GIVEN that the Rate of Interest has been fixed at 11¼% and the Coupon Amount payable September 17, 1984 against Coupon No. 2 will be US$1428.25. The Conversion Interest Amount payable September 23, 1984 against Coupon No. 8 will be US$95.02

By: CITIBANK, N.A., LONDON
Agent Bank (CSSI Dept.)
March 13, 1984

CITY OF MONTREAL

3% PERMANENT DEBENTURE STOCK
NOTICE IS HEREBY GIVEN that the Transfer Register will be closed from 9th April to 30th April 1984, both dates inclusive.

THE ROYAL BANK OF SCOTLAND plc
Registrars
Registrar's Department,
15 Old Broad Street,
London EC2N 1DL.

CITY OF BERGEN
1973/1991 7½% Lux.Frs Loan

On March 2, 1984, Bonds for the amount of LuxFr 25,000,000 have been drawn in the presence of a Notary Public for redemption on April 10, 1984.
The following Bonds will be reimbursed coupon due April 10, 1985, and following attached:
1165 to 1414 incl.
Amount outstanding: LuxFr 259,000,000.
Outstanding drawn Bonds: none.
The Fiscal Agent
Kredietbank S.A. Luxembourgeoise
Luxembourg, March 19, 1984.

SOFTE
SOCIETE FINANCIERE POUR LES TELECOMMUNICATIONS ET L'ELECTRONIQUE S.A.
ECU 35,000,000 13% 1981/1987
Guaranteed Bonds

On March 2, 1984, Bonds for the amount of ECU 1,400,000 have been drawn in the presence of a Notary Public for redemption on April 21, 1984.
The following Bonds will be reimbursed coupon due April 21, 1985, and following attached:
[illegible]
Amount outstanding: ECU 30,800,000.
The Fiscal Agent
Kredietbank S.A. Luxembourgeoise
Luxembourg, March 19, 1984.

NICON COMPANY LTD
(KABUSHIKI KAISHA NICON)
[illegible]

CANADIAN PACIFIC ENTERPRISES LIMITED
COMMON SHARE DIVIDEND NOTICE

The Board of Directors of Canadian Pacific Enterprises Limited, at a meeting held at Calgary, Alberta, on the 2nd day of March, 1984, resolved that a quarterly dividend [illegible] on the outstanding Common Shares of the Company [illegible] of business on March 21, 1984.
By order of the Board
G. S. MACLEAN
Vice-President, Administration and Secretary
Calgary, Alberta.
March 2, 1984.

THE "SHELL" TRANSPORT AND TRADING COMPANY, P.L.C.

NOTICE IS HEREBY GIVEN that [illegible]
(Sgd.) D. W. CHESTERMAN
Company Secretary
Shell Centre,
London, SE1 7NA.
15th March, 1984.

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THE PROPERTY MARKET BY MICHAEL CASSELL IN HOUSTON

'Miracle City' still suffering in style

HAROLD FARB enjoys singing, so he has opened The Carlyle, a late-night dining spot on Houston's Westheimer Road, where no-one can prevent him from entertaining his dinner guests with a medley of appropriate Texan tunes.

Mr Farb, one of the city's most successful residential builders, also wants to prove his prowess as a commercial property developer, so he has erected a spectacular $150m office tower a short distance from his colourful restaurant. He may well be wishing that this particular ambition had been denied him.

For San Felipe Plaza, Mr Farb's 1m sq ft granite and glass masterpiece, is now nearing completion and the locals say he has as much chance of filling it with tenants as he has of picking up a "Grammy" award for his singing skills.

Mr Farb may prove them all wrong but Houston is certainly no place for the faint-hearted when it comes to real estate.

Mel Powers, another real estate celebrity in this part of Texas, has just succumbed to an over-ambitious development programme. But he is not the type to go down quietly.

Mr Powers provided a personal explanation of his corporate demise in a full page advertisement in the Houston Chronicle, which last weekend carried 22 supplements and has been an obvious beneficiary of the property market's ups and downs.

Even the biggest names have hit problems in Houston, the "Miracle City" where offices are built in the shape of a dollar sign or made to resemble the stepped temples of Babylon.

Prudential Insurance of America is only a few weeks away from the official opening of its latest downtown office project, the Cullen Center, a 1.6m sq ft complex named after its intended principal tenant, the Cullen Center Bank.

Problem

The only problem is that the bank has just decided against moving into the 55-storey building. Its intended home—"a monument to the indomitable spirit of Houston"—will now be known as plain old 1600 Smith Street and the search for a replacement occupier and other tenants will begin.

Few people looking on could put their hands on their holsters and claim that Houston does not, to some extent, deserve its current crisis. The city likes everything big, including its mistakes.

The frenetic and sometimes foolish rush into real estate development, which has left behind it somewhere between 35m sq ft and 45m sq ft of empty office space in the Houston area, ignored all the rules of supply and demand. Instead, it responded solely to the floodtide of finance which swamped America's oil and petro-chemical capital.

But when the U.S. economy caught a cold, Houston took to its sick-bed. The end result, in a city where the availability of sewerage facilities forms the only real development constraint, has been a massive oversupply of commercial floorspace.

Estimates vary widely but most suggest that Houston has enough vacant office space to meet its normal requirements for at least the next five years. In a market where the tenant holds all the cards, rent-free periods of over two years can be won on five-year leases and brokers securing big lettings can pick up a new Jaguar along with hefty commissions.

Denis Kavanagh, the top man for Jones Lang Wootton in Houston, says that the building boom created 40m sq ft of office space in five years. "The developers and the bankers made some big mistakes.

"At the height of the boom, in the late 1970s, major leases were being signed daily. Developers were ignoring logical locations and building anywhere, on the assumption that tenants would be forced to follow."

Kavanagh adds: "A lot of the buildings will never be occupied or leased beyond about 20 per cent of capacity. Some are shoddy and simply will not last."

He cites the example of one developer who built 40,000 sq ft of office space in a suburban area and let it at once. In response, a further 400,000 sq ft phase was built at the back of the same site and still awaits tenants. "There was no recognition of the true level of demand," Kavanagh says.

But most people agree that the worst, at least, is over, that concessions are being reduced and developers are just starting to hold their ground. Top downtown rents seem quite firm, though they are still a few dollars short of the $30 a sq ft peak.

Michael Birnie, senior partner at Coldwell Banker, agrees with Kavanagh's assertion that some accommodation created in the building boom will be empty a long time. "Bad buildings have gone up in bad locations and could be empty 10 years from now. Once, they would have gone overnight."

But Birnie also remains positive about Houston's prospects: "You must remember that as much as 9m sq ft office space will be absorbed here this year, hardly the sign of a dying market, even if we did let 15m sq ft in 1981.

"The problem is that with so much space vacant, it will be some time before a balance can be restored. The downtown vacancy rate will peak out at around 18 per cent at the end of this year and is still up to 30 per cent in the suburban markets."

Birnie has his work cut out appearing confident while spelling out such startling figures, but he places great store in Houston's resilience and in its ability to bounce back.

When it does, MEPC is one developer who will be ready. One of the UK's largest property groups, MEPC has two office investments in Houston—one fully let but the other with a 30 per cent vacancy rate—but it holds something much more exciting up its sleeve.

The building binge in Houston, the "golden buckle of the Sun Belt," has left behind it some of the most imaginative and good-looking commercial architecture to be found anywhere in the world.

The plan is to develop, in a joint venture with Bechtel, a 1.2m sq ft speculative office scheme in the so-called "Magic Circle," close to the Galleria.

The project, on Bechtel land, would involve a three-tower complex costing around $130m. MEPC will act as the manager and developer.

David Gruber, president of MEPC American Properties, says the development is lined up to start but that the partners are quite happy to wait until market conditions are right.

Gruber says patience, unlike office space, has been in short supply among local developers: "People built like there was no tomorrow, not to meet any identified demand but simply to use up petro-dollars." He reckons that a lot of developers have been badly burned by the subsequent crisis but that the victims have been delicately handled: "Many development projects involved institutional partners, which have simply taken over the developers' equity interests and settled down to wait until things come right."

To be fair to the "golden buckle of the Sun Belt," Houston's building binge has also left behind it some of the most imaginative and good-looking commercial architecture to be found anywhere in the world.

Supported by immense banking and oil riches, many developers and owners commissioned the best international architects to design a string of corporate temples which has made Houston one of America's greatest architectural showcases.

The downtown office towers which run the length of Louisiana and South Streets represent an individual and collective salute to the best in modern design skills. Names like Philip Johnson, Cesar Pelli and John Burgee have employed a powerful mix of brick, glass and granite to create architectural classics which testify to Houston's wealth and extravagant spirit.

Number One

Perhaps no single individual has made a greater contribution to Houston's reputation for imaginative and innovative real estate than Gerald D. Hines, the 58-year-old former building systems engineer who is now widely regarded as America's number one developer.

Hines it was who built Houston's Galleria retail and hotel complex which set new standards for shopping centres around the world. Hines it is who has just put the finishing touches to Transco Tower, the 1m sq ft-plus office building which overlooks the Galleria and into which he has just moved his own organisation.

Gerald D. Hines Interests has now built over 80m sq ft of commercial floorspace around the U.S. and abroad and another 7m sq ft is underway.

A methodical, conservative developer, Hines has apparently remained largely unscathed by the real estate market's recent problems. He rarely builds speculatively and works with institutional partners—retaining substantial stakes in the created investments.

The net personal wealth of the modest man who only recently gave up signing every lease agreement himself is put at over $250m, a figure based solely on the book value of his property interests.

Hines only develops the best—"sometimes we build a Mercedes Benz, sometimes an Aston Martin or a Ferrari"—and they come no better than the recently completed Republic Bank Center in downtown Houston. A breathtaking neo-gothic office tower in Napoleon red granite with cathedral-like spires sprouting from its sculptured crest, the 56-storey building is a work of art.

Mr Hines sent out invitations to the opening in the guise of sheet music and imported a brass ensemble to play at a $35,000 reception. Houston may have too much office space but it also has plenty of style.

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Phoenix Board

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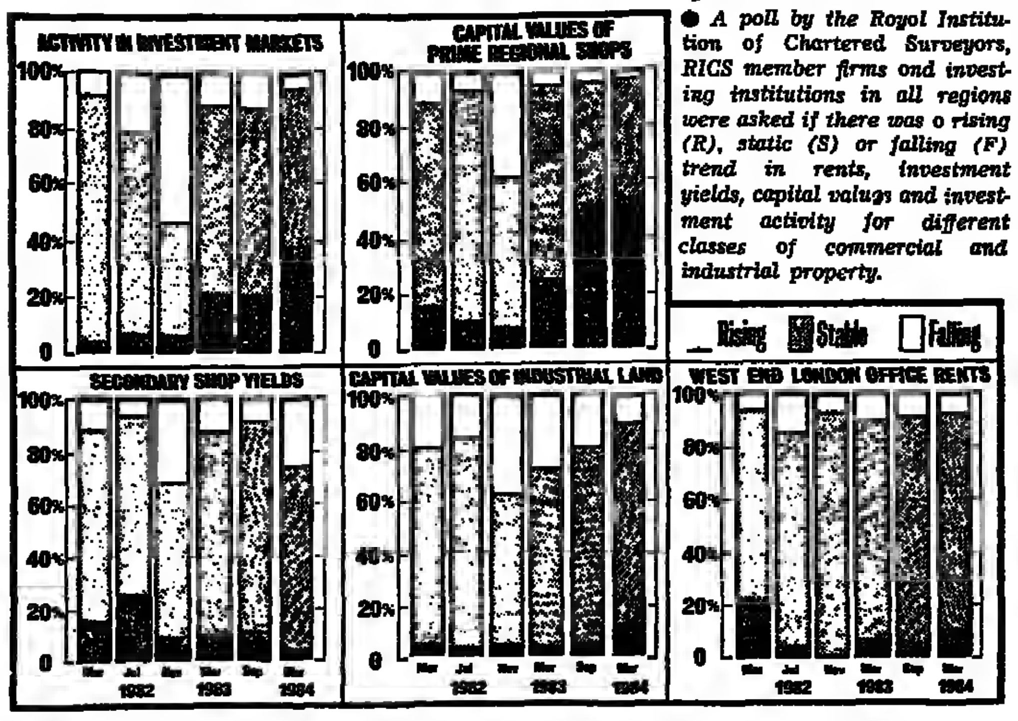
Investment perks up as institutions return to market



● *A poll by the Royal Institution of Chartered Surveyors, RICS member firms and investing institutions in all regions were asked if there was a rising (R), static (S) or falling (F) trend in rents, investment yields, capital values and investment activity for different classes of commercial and industrial property.*

AREAS		LON. CITY	WEST END	REST GLC	SE (EX-LON.)	N	N	EAST ANGLIA	YORKS & HUMBER	EAST MIDS.	WEST MIDS.	SW	SCOT.	WALES	N. IRE.	NAT-IONAL
QUESTION 1 Compared with three months ago: What is the trend in rents?		%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
(a) Offices	R	42	14	8	28	8	23	23	11	6	28	20	55	9	11	20
	S	58	84	92	69	92	71	69	78	94	72	80	45	91	67	76
	F	0	5	0	3	0	6	8	11	0	0	0	0	0	22	4
(b) Prime Regional Shops	R	50	76	73	67	77	53	69	50	47	38	46	57	42	50	57
	S	50	24	27	33	23	47	31	50	47	62	54	43	58	25	41
	F	0	0	0	0	0	0	0	0	6	0	0	0	0	25	2
(c) Secondary Shops	R	22	53	45	64	23	44	54	28	6	12	33	19	25	50	34
	S	78	47	55	36	77	56	46	72	88	82	67	81	75	25	63
	F	0	0	0	0	0	0	0	0	6	6	0	0	0	25	3
(d) Modern Factories	R	0	0	25	10	7	0	8	6	0	0	15	5	8	0	5
	S	100	90	75	86	64	84	84	72	81	83	70	74	82	60	79
	F	0	10	0	4	29	16	8	22	19	17	15	21	10	40	16
(e) Modern Warehouses	R	0	10	25	13	7	0	15	6	0	0	13	10	0	0	8
	S	100	80	75	83	64	84	77	72	81	78	73	75	82	71	78
	F	0	10	0	4	29	16	8	22	19	17	13	15	18	29	14
QUESTION 2 What is the trend of invest yields?																
(a) Offices	R	0	6	9	4	8	12	9	6	7	19	10	0	11	0	8
	S	89	72	91	92	77	70	82	88	72	81	85	95	78	100	84
	F	11	22	0	4	15	18	9	6	21	0	5	5	11	0	8
(b) Prime Regional Shops	R	10	6	8	12	8	7	17	12	0	6	5	10	0	0	7
	S	60	65	42	57	62	64	50	70	64	69	55	65	67	88	63
	F	30	29	50	31	30	29	33	18	36	25	40	25	33	12	30
(c) Secondary Shops	R	9	6	8	4	0	0	8	0	6	0	4	0	0	0	3
	S	64	56	69	67	69	75	50	76	79	75	77	83	67	100	72
	F	27	38	23	29	31	25	42	24	21	19	23	17	33	0	25
(d) Modern Factories	R	0	18	0	8	8	22	8	12	13	25	19	25	14	0	13
	S	86	82	92	88	84	72	82	76	80	63	76	67	71	100	80
	F	14	0	8	4	8	6	9	12	7	12	5	7	11	0	7
(e) Modern Warehouses	R	0	18	8	8	8	6	8	12	13	19	19	13	11	0	10
	S	86	82	92	92	84	88	84	76	80	69	76	81	78	100	83
	F	14	0	0	0	8	6	8	12	7	12	5	6	11	0	7
QUESTION 3 What is the trend of capital values?																
(a) Offices	R	39	17	17	14	0	24	25	6	13	22	17	38	11	14	18
	S	61	72	58	72	85	65	50	76	75	65	74	62	67	43	66
	F	0	11	25	14	15	11	25	18	12	12	9	0	22	43	16
(b) Prime Regional Shops	R	60	69	73	67	69	63	45	53	50	47	41	55	40	57	56
	S	40	31	27	33	31	37	55	47	50	53	59	45	60	14	42
	F	0	0	0	0	0	0	0	0	0	0	0	0	0	29	2
(c) Secondary Shops	R	36	67	55	59	31	41	42	38	13	19	30	30	40	34	37
	S	64	33	45	41	69	59	50	62	81	75	70	65	50	57	58
	F	0	0	0	0	0	0	8	0	6	6	0	5	10	29	5
(d) Modern Factories	R	14	0	18	11	8	6	8	12	0	6	4	6	0	0	7
	S	86	89	82	85	69	71	61	59	75	59	79	72	70	80	74
	F	0	11	0	4	23	23	31	29	25	35	17	22	30	20	19
(e) Modern Warehouses	R	14	11	18	7	8	6	8	6	0	12	8	5	0	0	7
	S	86	78	82	89	69	72	61	65	75	59	75	74	70	83	74
	F	0	11	0	4	23	22	31	29	25	29	17	21	30	17	19
(f) Industrial Land	R	17	14	42	26	0	0	17	12	0	0	4	6	11	17	12
	S	83	72	58	70	85	82	75	70	86	86	92	88	67	66	77
	F	0	14	0	4	15	18	8	18	14	14	4	6	22	17	11
QUESTION 4																
Activity in Investment Markets	R	56	59	50	44	17	50	33	47	23	47	46	21	22	25	39
	S	38	35	50	52	83	44	67	40	77	47	50	79	56	50	55
	F	6	6	0	4	0	6	0	13	0	6	4	0	22	25	6

Clear signs of a revival

CLEAR SIGNS of a revival in investment interest in the UK property sector are contained within the results of the 24th Business Indicator poll conducted jointly by the Royal Institution of Chartered Surveyors and the Financial Times.

New investment in commercial property has been severely curtailed by the sector's weak comparative performance, with institutional spending in 1983 falling substantially from the levels recorded in 1981 and 1982.

Recently, however, there have been indications of an improvement in investment sentiment towards the property market and the latest RICS-FT poll underlines the trend.

According to the survey, over half the respondents still say that investment activity remains stable but nearly 40 per cent now report a rising number of transactions. In the previous poll, conducted last September, only half as many surveyors believed investment activity was on the upturn and earlier surveys showed the number in single percentage figures.

The institutional investment market has continued to show signs of improvement in the early stages of 1983 although most investors remain highly selective. There is evidence that many traditional property purchasers again want to increase their exposure to property, but only within narrow parameters of type, quality and location.

In other respects, the latest poll confirms the continuation of a broadly stable picture throughout most areas of the property maket. Rents for office accommodation in most locations are showing little growth, although respondents in the City of London and in Scotland report the greatest incidence of rising rental values.

The most buoyant rental sector remains in the prime, regional shop market, where the majority of poll participants in most areas confirm rising values. Secondary shops are also recording some rental increases whereas the industrial and warehousing sectors are mainly subdued.

Investment yields also show few significant changes, with the office sector proving generally static. Some surveyors report rising yields for certain types of industrial and warehousing property.

There is evidence that respondents to the poll remain confident about capital values, with the majority reporting a steadily rising trend for most office and sho pinvestments. The picture remains less encouraging for industrial and distribution space but there are few suggestions of any decline in capital values.

Overall, the survey confirms that the property sector continues on a broadly stable path but that the market could still be some way off any significant surge in rental or capital values.

MICHAEL CASSELL

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SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Friday March 16 1984

Australia boosts cash assistance to wool growers, Page 36

WALL STREET

Some bright spots amid deficit cloud

ANXIETIES over bank prime rates and the prospects for agreement in Washington on curbing the U.S. federal deficit continued to cloud the view from Wall Street yesterday, *writes Terry Byland in New York.*

A further rise in the federal funds rate brought some pressures at the short end of the credit market but the stock market again resisted the dull trend of the fixed-interest sector to hold firm.

The bond market rose sharply at the end of the session following the announcement of a significantly larger drop in the money supply totals, than the market had been expecting. The long end of the bond markets jumped by nearly half a point. The news came after the close of trading in the equity sector.

The stock market moved ahead during the afternoon but flipped back from its best levels when some profits were taken ahead of the money supply announcement. The Dow Jones industrial average closed a net 1.36 points higher at 1167.40 after touching 11.72 earlier.

Awareness of the concerns of the credit markets was expressed by Mr Donald Regan, the Treasury Secretary, who said he was optimistic on the prospects of curbing the deficit and by Mr Preston Martin, vice-chairman of the Federal Reserve Board, who doubted suggestions that the debt markets have been hurt by the recent spate of huge takeovers in the oil industry.

There was no let-up in the pressures on the key federal funds rate which moved up to 10⅛ per cent, at which level the Fed again came to the market's aid – this time with customer repurchase arrangements of $2bn.

Some of the pressures on federal funds were linked with bank settlement operations, which have been additionally complicated by the recent switch to contemporaneous reserve accounting.

But the Fed has given help to the market on almost every trading day this month – without, however, succeeding in holding down the federal funds rate.

The stock market steadied after showing minor falls in the first hour of trading and leading stocks began to edge forward, heartened by this fresh indication that a new trading base is emerging. The major institutions showed some interest although trading remained sluggish.

Technology and computer issues again found buyers. IBM edged forward by another $⅞ to $111⅛, while Burroughs at $43⅝ put on $1⅛, and Texas Instruments at $132⅜ lost $1⅛. But National Semiconductor slipped back $⅛ to $14⅝ as the market assessed its trading results.

The latest sales figures from the car industry brought a gain of $¾ to $68⅞ in General Motors. Other firm features among the leaders included General Electric, $⅛ up at $52⅛; Eastman Kodak, $⅜ better at $69; and Merck, the leading pharmaceutical group, $⅛ higher at $93⅛.

The airline sector remained firm, with Northwest Air again in favour at $38⅛. But in a mixed chemical sector, Union Carbide lost $1⅛ to $54⅞.

Among retailers, Woolworth rose $⅛ to $33 after results. Toys 'R' Us, the major toy retailer, was little changed following the announcement of record results and further plans for international expansion.

Oil stocks saw a flurry of activity, with Gulf Oil still at the head of the active stocks list, rising $⅛ to $66⅜. Superior Oil, down $⅜ at $37⅜ and Apache Petroleum, unchanged at $19, were also busy stocks.

Trading in the credit markets was subdued, with retail investors inclined to stay out on the sidelines while present uncertainties continue.

In the Treasury bill sector, rates settled back after an early rise, with the three-month bill discounted at 9.51 per cent and the six-month bill at 9.62 per cent, both a shade higher than overnight.

The bond market showed mixed changes, with medium-term issues slightly firmer. The key long bond at 97 11/32 with a gain of 3/32 up and yielding 12.32 per cent.

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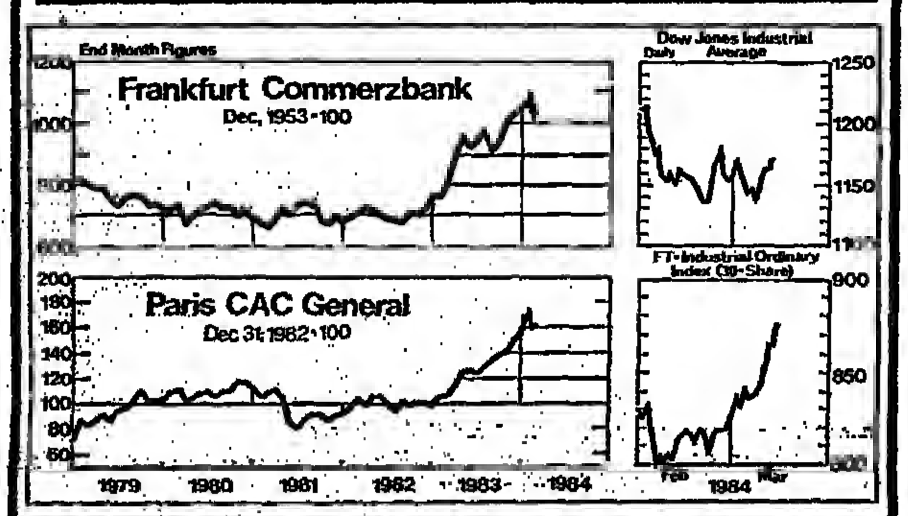


STOCK MARKET INDICES

	March 15	Previous	Year ago
NEW YORK			
DJ Industrials	1167.40	1166.04	1124.52
DJ Transport	513.99	513.27	503.02
DJ Utilities	126.88	126.25	127.26
S&P Composite	157.41	156.77	151.36
LONDON			
FT Ind Ord	875.6	864.6	661.0
FT-SE 100	1101.1	1087.7	903.1
FT-A All-share	518.74	513.74	414.18
FT-A 500	563.17	556.0	448.11
FT Gold mines	688.9	703.1	548.0
FT-A Long gilt	10.10	10.04	10.66
TOKYO			
Nikkei-Dow	10346.99	10324.0	8111.83
Tokyo SE	817.23	816.94	596.01
AUSTRALIA			
All Ord.	721.9	721.6	513.4
Metals & Mins.	496.7	497.6	477.4
AUSTRIA			
Credit Aktien	55.1	55.11	52.5
BELGIUM			
Belgian SE	143.39	143.17	110.84
CANADA			
Toronto Composite	2406.6	2411.0	2148.4
Montreal Industrials	432.31	431.52	365.45
Combined	409.76	409.35	357.11
DENMARK			
Copenhagen SE	192.66	190.51	121.03
FRANCE			
CAC Gen	160.0	160.4	109.9
Ind. Tendance	103.4	103.0	68.3
WEST GERMANY			
FAZ-Aktien	346.98	344.68	281.12
Commerzbank	1020.0	1011.9	844.5
HONG KONG			
Hang Seng	1111.06	1099.26	1024.51
ITALY			
Banca Comm.	216.91	217.53	202.14
NETHERLANDS			
ANP-CBS Gen	158.4	157.4	116.5
ANP-CBS Ind	130.5	130.5	99.8
NORWAY			
Oslo SE	250.6	250.37	146.02
SINGAPORE			
Straits Times	998.43	1001.17	843.11
SOUTH AFRICA			
Golds	n/a	1054.0	789.9
Industrials	n/a	1059.5	837.1
SPAIN			
Madrid SE	117.33	116.57	107.9
SWEDEN			
J & P	1508.55	1502.05	1290.75
SWITZERLAND			
Swiss Bank Ind	364.1	362.30	307.3
WORLD	March 13	Prev	Year ago
Capital Int'l	184.8	183.1	163.9

GOLD (per ounce)

	March 15	Prev
London	$395.25	$399.50
Frankfurt	$394.50	$399.75
Zürich	$394.50	$399.75
Paris (fixing)	$394.51	$401.14
Luxembourg (fixing)	$394.75	$400.55
New York (March)	$393.20	$394.10

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR March 15	U.S. DOLLAR Previous	STERLING March 15	STERLING Previous
$	–	–	1.463	1.467
DM	2.5805	2.567	3.7775	3.7675
Yen	224	224	328	328.75
FFr	7.9675	7.915	11.65	11.6075
SwFr	2.1375	2.1265	3.1275	3.1225
Guilder	2.9125	2.899	4.2625	4.255
Lira	1606.5	1595.5	2349.5	2340
BFr	52.9	52.48	774	77
C$	1.2725	1.2745	1.862	1.8675

INTEREST RATES

	March 15	Prev
Euro-currencies (3-month offered rate)		
£	8⅝	8⅝
SwFr	3½	3½
DM	5 11/16	5 11/16
FFr	16⅛	15⅝
FT London Interbank fixing (offered rate)		
3-month U.S.$	10 7/16	10⅜
6-month U.S.$	10⅝	10 11/16
U.S. Fed Funds	10	10
U.S. 3-month CDs	10.05	9.95
U.S. 3-month T-bills	9.46	9.465

U.S BONDS

Treasury		March 15* Price	March 15* Yield	Prev Price	Prev Yield
10⅜	1986	99 17/32	11.22	99 17/32	11.23
11⅞	1991	97 29/32	12.20	97 28/32	12.21
11.75	1993	95 31/32	12.29	95 30/32	12.29
12	2013	96 31/32	12.39	96 17/32	12.40

Corporate	March 15* Price	March 15* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	92	12.25	91⅛	12.40
3⅞ July 1990	68½	10.90	68½	10.90
8⅜ May 2000	71½	12.80	71¼	12.95
Xerox				
10⅞ March 1993	90¼	12.45	89⅜	12.60
Diamond Shamrock				
10⅛ May 1993	88⅞	12.70	87⅞	13.00
Federated Dept Stores				
10⅜ May 2013	82⅜	12.90	82⅜	12.90
Abbot Lab				
11.80 Feb 2013	91⅝	12.90	91⅝	12.90
Alcoa				
12¼ Dec 2012	92¼	13.30	92⅜	13.30

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	67–14	67–20	67–10	67–20
U.S. Treasury Bills (IMM) $1m points of 100%				
March	89.32	89.34	89.30	90.60
Certificates of Deposit (IMM) $1m points of 100%				
March	89.88	89.91	99.87	89.94
LONDON				
Three-month Eurodollar $1m points of 100%				
June	89.22	89.22	89.15	89.25
20-year Notional Gilt £50,000 32nds of 100%				
March	109–17	109–24	109–13	110–00

COMMODITIES

(London)	March 15	Prev
Silver (spot fixing)	646.15p	668.60p
Copper (cash)	£1022.50	£1030.00
Coffee (March)	£2128.00	£2132.00
Oil (spot Arabian light)	$28.55	$28.62

LONDON

Oils provide fuel for further rise

A WARM welcome for profit figures from Europe's two largest oil groups, Royal Dutch/Shell and British Petroleum, with continuing post budget excitement, took shares to another peak in London yesterday.

The FT Industrial Ordinary index added 11 for a four-day upsurge of nearly 35 points to a best-ever 875.6.

The FT-SE 100 index rose 13.4 through the 1,100 level to 1,101.1.

Fears that oil companies would experience an accelerating value added tax bill were forgotten as the day's results were announced. BP peaked at 455p before closing up 23p at 453p while Shell added 28p to 673p after 676p.

Further market buoyancy was provided by TI, the engineering group which added 30p to 280p after its optimistic statement on current trading.

Chief price changes, Page 30; Details, Page 31; Share information service, Pages 32-33

HONG KONG

THREE large buy orders for Hutchison Whampoa sparked a late rally in Hong Kong which took the Hang Seng index up 11.80 to 1,111.06 – its second highest level of the year.

The purchases sparked unconfirmed market speculation about a possible large increase in Hutchison's final 1983 dividend or a rationalisation of the trading house and Cheung Kong, the property company, of which it is an associate. Hutchison Whampoa added 80 cents to HK$17.70 and Cheung Kong 15 cents to HK$9.70.

SINGAPORE

AN ABSENCE of buying interest in Singapore left the Straits Times industrial index to drift 2.74 down through the psychologically important 1,000 level yesterday to 998.43.

Among industrials, Pan-Electric slipped 6 cents to S$3.86 with its improved earnings discounted by the market.

Among banks OUB, which had requested a suspension (at S$4.36) pending release of its 1983 results, posted a net profit increase of 0.6 per cent.

AUSTRALIA

GAINS among industrial stocks in Sydney were offset by lower mining and resource shares in response to high domestic interest rates and the stronger Australian dollar which hurts the profits of major exporters.

Monarch Petroleum, the subject of a bogus announcement which led to a doubling in its shares price to 40 cents on Wednesday, remained suspended yesterday.

ANI, which expects to lift its dividend for the year to June, held steady at A$2.40.

SOUTH AFRICA

THE CONTINUED easier trend of world bullion prices left gold shares lower in active Johannesburg trading.

Among the major producers, President Steyn shed R2 to R70.50 while most other sectors declined in sympathy.

Anglo-American shed 45 cents to R23.85, De Beers 20 cents to R10.50 and Rustenburg Platinum 10 cents to R15.50.

Industrials were mixed but with a firmer bias.

CANADA

AN EASIER tone developed in all the major sectors in Toronto yesterday, paced by weakness in gold issues.

The downward trend was mirrored in Montreal with industrial utilities, banks and papers all trading lower.

TOKYO

Chemicals are buying catalyst

PERSISTENTLY strong buying interest spurred the Nikkei-Dow market average to an all-time high in Tokyo yesterday for its fifth successive gain, *writes Shigeo Nishiwaki of Jiji Press.*

Electronics-related issues in the chemical sector were in brisk demand. Some paper-pulp issues were sought on higher market prices for their products, and some machine shares were bought on increased orders placed with makers. Financial stocks led by city banks paused for breath, following a spate of heavy buying earlier this week.

The Dow index advanced 22.99 to 10,346.99, with 529.73m shares changing hands against Wednesday's 550.99m.

Among chemical issues, Denki Kagaku Kogyo climbed Y30 to Y510, benefiting from higher market prices for vinyl chloride and good operating results in its sector producing materials for semi-conductors. It was volume leader on 20.27m shares.

Ishihara Sangyo, another supplier of raw materials for manufacturers of semiconductors, gained Y33 to Y630. Toagosei Chemical put on Y26 to Y407.

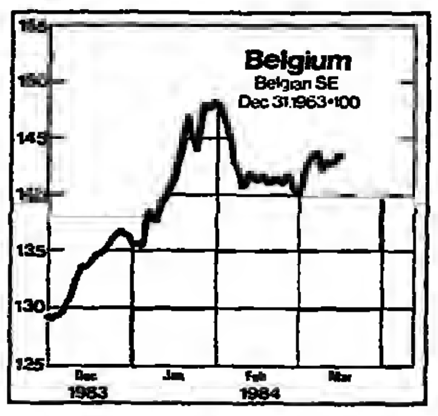
Improved business results in the electronics sector took Sumitomo Bakelite up Y50 to Y685, while entry into the field of photomasks for semiconductors pushed Hoya Corporation ahead Y100 to Y2,100.

Of the paper-pulp stocks, drawing strength from a better corporate performance stemming from higher product prices, Chuetsu Pulp climbed Y32 to Y527 and Hokuetsu Paper Mills Y15 to Y345. Among machine issues, Tsugami rose Y41 to Y729 and Washino Machine Y30 to Y645.

Financial stocks stepped back after their recent strong advances. Sumitomo Bank shed Y50 to Y1,050 on profit-taking. Fuji Bank slipped Y20 to Y950 and Industrial Bank of Japan Y35 to Y705.

The bond market moved forward on expectations of cuts in long-term interest rates next month. Despite a fear of higher U.S. prime rates, many institutional investors stepped up bond purchases, with some securities housea seeking to expand inventories.

The secondary market price of the 7.3 per cent long-term government bond jumped to 100.20 from Wednesday's 99.90. The yield on the benchmark 7.5 per cent bond due January 1993 fell to 7.19 per cent from the previous day's 7.26 per cent.



EUROPE

Brussels set for benefits of austerity

THE AUSTERITY package agreed by the ruling Belgian coalition found a favourable first response with Brussels stock investors yesterday.

No great surge either in share values or trading volume developed, but this could be accounted for – at least in part – by the limited time operators had to digest and evaluate fully the various facets embodied in the plan.

The speech outlining the measures by Mr Wilfried Martens, the Prime Minister, spanned much of the bourse session, and initial reactions allowed only a 0.22 gain in the stock exchange index to 143.39.

Particularly welcomed were an increase in "local content" requirements affecting the portfolios of some investment funds, the restraints imposed on wages, and tax concessions aimed at stimulating industrial competitiveness.

Other factors making for restraint on the bourse, though, were the continuing lack of clarity from the U.S., on the course of interest rates and the absence of immediate confirmation that pressure on the Belgian franc had abated significantly as a result of the accord.

The call money rate jumped too, from 7.75 to 12 per cent.

Amid all this, muted firmness was the general result. Of the chemicals, UCB added BFr 55 to BFr 4,775 and Solvay BFr 20 to BFr 3,755 while even the retailers – unlikely to be in favour in times of austerity – had Delhaize BFr 50 ahead at BFr 5,000.

Royal Dutch was the Amsterdam feature, jumping Fl 5.50 to finish at Fl 150 on its annual results, which in per share terms were up from Fl 21.20 to Fl 27.39 to provide an earnings multiple of just under 5½. It was up Fl 2.90 even before the figures, but went on to trade as high as Fl 153, before settling back.

Bonds were neglected, weakening slightly.

The Frankfurt focus was Hoechst, which put on DM 2.30 at DM 177.20 after its better results and dividend. Other chemicals were buoyed as a result, but the engineering sector was unruffled by a trading setback for Linde. It fell DM 4 to DM 372 but others such as GHH added DM 5.50 to DM 151.50.

Domestic bonds tended easier and the Bundesbank could sell only DM 28.1m in paper.

A quiet but steady outcome emerged in Paris, with CIT-Alcatel in electricals recovering FFr 57 of the previous session's FFr 88 slide to stand at FFr 1,235. Foods and retailers were sought but builders and metals on the weaker side.

Thin Zurich volume found notable activity only for Nestle, SwFr 25 ahead at SwFr 4,825, and Ciba-Geigy, just SwFr 5 firmer at SwFr 2,205. Jacobs Suchard's dividend boost allowed it a second day's SwFr 50 gain at SwFr 6,550.

Domestic bonds edged upward.

A resumption of Stockholm buying tapered off in the afternoon, leaving Swedish Match SKr 5 higher at SKr 273 on its profits surge. Ericsson added the same amount at SKr 350.

The Milan month-end brought technical declines and only a L5 rise for Olivetti at L4,400 after its 73.2 per cent earnings gain. Bonds, too, were little changed.

Madrid was led upwards by construction issues.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
20¾	10⅛	AAR	.44	2.3	24	91	19⅛	19¼	19⅞	+ ⅛
52⅛	30½	ACF	1.40	3.0	569	106	47½	47	47½	+ ⅛
18⅞	13⅛	AMF	.50	3.7		221	14	13⅝	13⅞	
41¼	23⅞	AMR Cp			7	2083	33¾	33⅜	33¾	− ⅛
20⅜	18⅝	AMR	pf2.18	11		4	19	19	19	
41½	27⅞	AMR	pf2.13	6.0		109	35⅝	35¼	35⅜	− ⅛
26⅞	23⅞	ANR	pf2.67	11		2	24	24	24	− ⅛
18¼	5⅞	APL			3	62	10¼	9⅞	10	− ⅜
55¼	40¼	ARA	2.05	4.7	9	105	43⅞	43⅛	43⅞	− ¼
77¼	50¼	ASA	3a	4.9		408	66	63¼	65¼	
39¼	14⅞	AVX	s .80	1.5	25	327	21⅞	21¼	21½	− ⅛
53⅞	39⅝	AbtLab	1.20	2.9	15	1111	42¼	41¼	41¼	− ⅛
30¼	23¼	AccoW	n .50	2.3	17	121	26	25⅞	25⅞	− ⅛
27½	17⅞	AcmeC	.40	1.8		30	22	21⅞	25	
13	8⅞	AcmeE	.32b	0.0	68	7	10½	10½	10½	+ ⅛
24⅞	12⅛	AdmDg	.04	.3	6	67	14⅞	14⅝	14⅞	− ⅛
18⅞	15⅞	AdaEx	2.11e	13		99	15⅞	15⅝	15⅞	+ ⅛
19⅞	7⅞	AdmMl	.28	1.6	9	17	17⅞	17⅝	17⅞	+ ⅛
32	12¼	AdvSys			15	89	17	16⅝	17	
18⅝	8⅞	Advest	.12	1.1	10	70	11¼	10¾	11	− ⅛
37½	15½	AMD	s		35	2346	30⅛	29⅝	29⅞	
24⅝	12½	Aeroflx	s		14	48	14½	14⅜	14½	
43½	33¼	AetnLf	2.64	7.5	11	557	35⅞	34¾	35⅛	+ ⅛
59⅞	54⅞	AetL	pf5.26e	9.4		372	56	55⅝	56	+ ⅛
40½	20	Ahmns	1.20	5.2	9	1017	23¾	23	25	− ½

Continued on Page 29

مكتاممن الأصل

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 30

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 28

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

X–Y–Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
52¼	38⅞	Xerox	3	7.4	9	2459	41⅜	40¼	40⅞	
53⅝	47½	Xerox	pf5.45	11		178	47½	47½	47½	-¼
37	21½	XTRA		2.5	13	237	26	25½	25½	-⅛
34	23	ZaleCp	1.26	4.6	11	383	27⅞	27⅛	27⅛	-¼
21⅞	14⅛	Zapata	.84	3.8	11	2080	u22⅛	21½	22	+⅝
52¼	31⅛	Zayre	s .30	.8	10	132	36	35⅝	35⅝	
38⅝	15½	ZenithR			13	718	29½	28⅞	29	+⅜
27⅝	19½	Zero	s .36	1.8	18	4	20½	20½	20½	
37½	22½	Zurnin	1.32	5.4	11	25	24⅞	24½	24⅝	-⅜

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

CANADA

[illegible]

Mar. 15 (Closing Prices) Stock		
Imp Oil A	38	-
Inco	17⅞	-⅛
Indal	11¼	+¼
Interpr Pipe	28½	-½
LAC Minerals	35⅝	-⅛
Loblaw	-	-
Macmil Bloedel	30¼	-¼
Marks & Spencer	13	-½
Massey-Ferg	4.7	+0.1
McIntyre Mines	40¾	+¾
Mitel Corp	13⅞	-
Molson A	16⅛	+⅛
Moore Corp	47¾	+¼
Nat. Sea Prods A	8	-
Noranda Mines	23¾	+⅜
Norcen Energy	16⅛	-½
Numac Oil	13⅞	+⅛
Nova Alberta	7	-
Nthn Telecom	45½	+¼
Oakwood Pet	7¾	-
Pancanadian Pet	25¼	+⅛
Patino	16	+⅜
Placer Dev	22⅞	-⅛
Power Corp Can	18¾	-⅛
Quebec Sturgeon	8⅞	-¼
Ranger Oil	11	-
Reed Stenhse A	12⅞	+⅜
Rio Algom	18½	+½
Royal Bank	31	-⅛
Royal Trustco A	28½	-
Sceptre Res	4.85	-0.15
Seagram	43½	-¼
Shell Can Oil	25¼	-
Simpson Sears A	8½	-¼
Steico	26⅝	
Teck B	10⅝	+⅛
Texaco (Canada)	38½	+¼
Thomson News A	39	-⅞
Toronto Dom Bank	16	-¼
Transalta A	21¾	-¼
Trans. Can. Pipe	16	-¼
Walker Hiram	25¼	-
Westcoast Trans	14⅝	-
Weston (Geo)	87	+½

AUSTRIA

Mar. 16	Price Sch%	+ or —
Creditanstalt	217	...
Goesser	327	+1
Interunfall	408	+1
Laenderbank	211	+2
Perlmooser	331	+2
Steyr-Daimler	152	-1
Veitscher Mag	211	+1

BELGIUM/LUXEMBOURG

Mar. 15	Price Frs.	+ or —
ARBED	1,474	+14
Banq Int A Lux	5,200	...
Bekaert B	3,250	-80
Ciment CBR	2,105	+10
Cockerill	231	...
Delhaize	5,000	+60
EBES	2,400	+25
Electrobel	6,020	+10
Fabrique Nat	2,220	+5
GB Inno BM	3,260	...
GBL (Bruk)	2,500	...
Gevaert	3,010	...
Hoboken	5,060	...
Intercom	1,900	+25
Kredietbank	6,750	...
Pan Hldgs.	9,500	...
Petrofina	7,120	-80
Royale Belge	8,000	...
Soc. Gen. Banq	3,215	-5
Soc. Gen. Belge	1,720	...
Sofina	5,690	-20
Solvay	3,755	+20
Tractionel	3,175	+25
UCB	4,775	+55
Vieille Mont	4,045	+65

DENMARK

[illegible]

FRANCE

[illegible]

Mar. 15	Price Frs.	+ or —
Moet-Hennessy	1,358	-25
Moulinex	98.7	+0.3
Nord Est	48	-0.8
Pernod Ricard	672	+4
Perrier	336	+2
Petroles Fra	217	+0.5
Peugeot S.A	219	-1
Poclain	80.8	+0.3
Printemps Au	136.5	-0.5
Radiotech	330	+5
Redoute	1,082	-2
Roussel-Uclaf	798	+18
Schneider S.A.	118.1	+0.1
Sefimeg	245.5	-1
Skis Rossignol	1,250	-10
Telemech Elect	1,640	+5
Thompson (CSF)	513	+5.1
Valeo	225	+5

GERMANY

Mar. 15	Price Dm.	+ or —
AEG-Telef	97.5	+0.8
Allianz Vers	761	+5
BASF	153.5	+2.5
Bayer	166.5	+2.6
Bayer-Hypo	272	+1
Bayer-Verein	344	+1
BHF-Bank	286	+5
BMW	401.5	+5.5
Brown Boveri	218	+1.5
Commerzbank	177.3	+1
Cont'l. Gummi	131.7	+0.2
Daimler-Benz	560	+5
Degussa	366.5	-4.8
Demag	146	...
D'sche Babcoc	168	+7
Deutsche Bank	377	+2.5
Dresdner Bank	176.5	+0.6
GHH	151.5	+5.5
Hochtief	498	-1.5
Hoechst	177.2	+2.3
Hoesch Werke	118	+1.2
Holzmann (P)	439	...
Horten	197	...
Kali und Salz	185.5	+0.5
Karstadt	253	+1
Kaufhof	238	-1
KHD	238	...
Kloeckner	65.8	+1
Krupp	81	...
Linde	372	-4
Lufthansa	166.5	+2.5
MAN	152	+6.5
Mannesmann	139.8	+0.8
Mercedes Hld	502	+2
Metallgesell	233	+0.5
Muench Rueck	1,100	+7
Preussag	268	...
Rhein West Elect	166	...
Rosenthal	258	-2
Schering	343	+8
Siemens	401.2	+4.7
Thyssen	84.7	+0.9
Varta	179	-0.8
Veba	173.5	-1
V.E.W	123.2	+2.3
Verein-West	305	...
Volkswagen	210	+3.2

ITALY

Mar. 15	Price Lire	+ or —
Banca Com'le	34,800	-195
Bastogi IRBS	155	+11.8
Centrale	1,673	-37
Credito Varesino	5,399	...
Fiat	4,288	+8
Finsider	40.6	-0.4
Generali Assicur	37,100	+80
Invest	3,275	+25
Italcementi	47,550	-340
Montedison	220.2	+2.2
Olivetti	4,400	+5
Pirelli Co	2,980	-5
Pirelli Spa	1,650	+4
Snia BPD	1,572	+3
Toro Assic.	12,950	-80
do. Pref.	10,110	+111

NETHERLANDS

Mar. 16	Price Fls	+ or —
ACF Holding	125	...
AEGON	127.5	+0.5
Ahold	206	+1.5
AKZO	97.7	-0.3
ABN	383	+3
AMEV	154	+0.5
AMRO	72.4	+2
Bredero Cert	195.5	-1.5
Bos Kalis Westm.	48.1	+0.1
Buehrmann-Tet.	68.8	+0.2
Calland Hldgs.	38.1	-0.4
Credit Lyon'is Bk	53	+0.5
Elsevier-NDU	630	...
Gist. Brocades	145	+2
Heineken	137.5	+1.8
Hoogovens	48	+0.5
Hunter Douglas	24.4	...
Int Mueller	34.8	-0.8
KLM	179.5	+1.5
Naarden	41.3	+0.8
Nat Ned Cert	220	+1.5
Ned. Credit Bank	39.6	...
Ned Mid Bank	155.5	+0.5
Nedlloyd	110	-0.5
Oce Grinten	240	+1.6
Ommeren (Van)	22.1	+0.1
Pakhoed	65.8	+0.4
Philips	47.2	+0.4
Rijn-Schelde	3.9	-0.1
Robeco	627.5	+1.5
Rodamco	138.4	...
Rolinco	314	+1
Rorento	202	-0.3
Royal Dutch	150	+5.5
Unilever	247.7	+1.2
VMF Stork	95.1	-0.4
VNU	147.8	+2.5
West Utr Bank	29.1	-0.0

NORWAY

Mar. 15	Price Kroner	+ or —
Bergens Bank	158	+1.5
Borregaard	300	+12
Christiania Bk	178	+1
Den Norsk Credit	172.5	-5.5
[illegible]		

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

Mar. 15	Price Aust $.	+ or —
ANZ Group	5.46	...
Acrow Aust.	1.5	...
Alliance Oil D.	0.82	+0.02
Ampol Pet.	1.74	-0.01
Aust Cons Ind	1.78	...
Aust. Guarant	3.6	-0.05
Aust. Nat. Inds	2.4	...
Aust. Paper	3.08	+0.15
Bell Group	5.5	...
Bond Corp Hldgs	1.6	...
Boral	3.3	-0.02
B'ville Copper	2.5	-0.02
Brambles Inds	2.75	+0.06
Bridge Oil	3.12	-0.03
BHP	12.65xr	-0.15
CRA	5.38	-0.04
CSR	3.74	+0.04
Carlton Utd	3.65	+0.01
Castlemaine Tys.	4.1	-0.52
Coles (G.J.)	3.65	...
Comalco "A"	2.9	...
Consolidated Pet	1.16	+0.05
Costain Aust.	1.2	...
Dunlop Aust.	1.54	...
E.Z. Inds.	5.1	+0.06
Elders IXL	4.1	-0.02
Energy Res	1.55	+0.03
Gen Prop Trust	1.65	...
Hardie (J.I.)	3.26	-0.04
Hartogen Energy	5.05	+0.05
Herald W'y Times	3.0	+0.05
ICI Aust	1.98	+0.06
Jimb'lana/50cFP	0.34	-0.01
Kia Ora Gold	0.12	-0.01
Lend Lease	4.55	+0.05
MIM	3.32	-0.03
Mayne Nickless	2.32	+0.02
Meekatharra	0.8	...
Myer Emp	1.27	+0.01
Nat. Com. Bk.	3.8	+0.04
News	11.0	-0.15
Nicholas Kiwi	9.0	-0.05
North Bkn Hill	2.55	-0.07
Oakbridge	0.89	-0.01
Otter Expl	0.7	+0.02
Pancont'l	1.14	...
Pioneer Conc	1.56	-0.06
Reckitt & Coln	2.65	...
Repco	1.17	...
Santos	6.98	...
Smith (H.)	3.8	+0.16
Southland Min'g.	0.3	...
Spargos Expl	0.45	...
Thos. Natwide	1.2	+0.05
[illegible]		

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

Mar. 15	Price Yen	+ or —
Konishiroku	640	...
Kubota	312	+2
Kumagai	460	+20
Kyoto Ceramic	10,300	+180
Maeda Const	496	+1
Makino Milling	1,550	+70
Makita	1,110	+50
Marubeni	373	+5
Marudai	535	-5
Marui	1,340	+40
MEI	1,830	+10
M'ta Elec Works	590	+5
M'bishi Bank	965	-10
M'bishi Corp.	538	+18
M'bishi Elec	400	-1
M'bishi Estate	460	+3
MHI	240	+3
Mitsui Co.	340	+4
Mitsui Estate	728	-3
Mitsukoshi	358	-2
NGK Insulators	785	+26
Nihon Cement	208	+1
Nippon Denso	1,540	...
Nippon Elect	1,410	+10
Nippon Express	296	+10
Nippon Gakki	641	-3
Nippon Kokan	143	-2
Nippon Oil	1,080	...
Nippon Seiko	600	+4
Nippon Shimpan	721	-18
Nippon Steel	168	-1
Nippon Suisan	317	-1
NTV	12,000	-10
Nippon Yusen	245	+5
Nissan Motor	728	-2
Nisshin Flour	469	-2
Nisshin Steel	185	...
Nomura	755	-20
Olympus	963	-7
Omron Tateisi	2,260	+70
Orient Leasing	4,120	...
Pioneer	3,090	-30
Renown	641	-7
Ricoh	1,050	-10
Sankyo	699	-2
Sanyo Elect.	529	-1
Sapporo	405	-2
Sekisui Prefab	554	+4
Seven-Eleven	8,000	...
Sharp	1,260	-20
Shimadzu	532	+5
Shionogi	598	-3
Shiseido	1,030	...
Sony	3,660	-40
Stanley	735	-15
S'tomo Elect	925	-19
S'tomo Marine	325	-13
S'tomo Metal	156	-1
Taihei Dengyo	492	...
Taisei Corp.	213	-3
Taisho Pharm	940	-25
Takeda	704	+3
TDK	8,800	-80
Teijin	385	+2
Teikoku Oil	570	-2
Tokyo Marine	561	+1
TBS	755	+10
Tokyo Elect Pwr.	1,330	-20
Tokyo Gas	171	-1
Tokyo Sanyo	740	+12
Tokyo Style	849	...
Tokyu Corp	333	-2
Toppan Print	788	+36
Toray	410	-5
Toshiba Elect.	391	-3
TOTO	580	-5
Toyo Seikan	810	+26
Toyota Motor	1,310	+10
Victor	8,880	-460
Wacoal	760	+6
Yamaha	535	+18
Yamanouchi	1,330	+10
Yamazaki	779	+10
Yasuda Fire	276	-6
Yokogawa Bdge.	411	-1

SINGAPORE

Mar. 15	Price $	+ or —
Boustead Hldgs.	2.72	-0.04
Cold Storage	4.88	...
DBS	9.95	-0.05
Fraser & Neave	5.2	-0.05
Genting	5.4	-0.05
Haw Par. Bros	2.62	+0.02
Inchcape Bhd.	2.87	+0.01
Keppel Shipyard	3.38	...
Malay Banking	10	...
Malay Brew.	6.98	+0.01
Multi Purpose	2.02	...
OCBC	10.8	-0.1
OUB	4.36	...
Sime Darby	2.59	...
Straits St'mship.	1.66	-0.01
Straits Trdg.	5.7	-0.05
UOB	5.45	...

SOUTH AFRICA

Mar. 15	Price Rand	+ or —
Abercom	2.85	+0.05
AE & CI	8.60	+0.05
Anglo Am Coal	29.5	-0.5
Anglo Am Corp	23.85	-0.45
Anglo Am Gold	155.5	-1.75
Barclays Bank	23	...
Barlow Rand	14.80	+0.15
Buffels	81.5	-1.5
CNA Gallo	2.75	+0.05
Currie Finance	5.3	+0.1
De Beers	10.5	-0.2
Driefontein	47.65	-0.85
FS Geduld	53.75	-1.75
Gold Fields S.A.	52.0	-1.5
Highveld Steel	8.1	...
Nedbank	17.0	+0.6
OK Bazaars	19	...
Protea Hldgs	3.50	-0.05
Rembrandt	28.25	+0.25
Rennies	15.35	+0.15
Rust. Plat.	15.5	-0.1
Sage Hldgs	7.0	...
SA Brews	7.55	+0.05
Smith (C.G.)	26.00	+1.25
Tongaat Hulette	11.8	...
Unisec	5.6	...

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. $ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

OVER-THE-COUNTER Nasdaq National Market

Nasdaq National Market closing prices

[illegible]

Continued on Page 38

LONDON

Chief price changes (In pence unless otherwise indicated)

RISES

BAT Inds.	206	+10
Birmid Qualcast	98½	+8
Bolton Textile	23	+4
Canning (W.)	119	+11
Christies Int'l.	346	+13
Grand Met.	330	+8
Grattan	90	+12
GUS "A"	650	+20
Lloyds Bank	598	+10
Reed (Austin) A	162	+10
Reed Int'l.	432	+12
Sunlight Service	256	+16
TI	280	+30
Thorn EMI	573	+20
Trent Hldgs.	88	+8
Utd. Biscuits	157	+8
BP	453	+33
Petranol New	266	+13
Shell Transport	673	+28

FALLS

Treas. 12pc 1987	£104¾	-⅜
Ex. 12¼pc 1999	£111⅝	-⅜
Tr. 2½pc IL 2011	£96⅝	-⅜
Barratt Devs.	136	-8
East La. Paper	50	-8
Eurotherm Int'l.	265	-27
Meyer Int'l.	143	-6
Phoenix Assce.	420	-12
Scholes (G. H.)	388	-11
St. Helens	£27	-1½
Southern Rek.	90	-16

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 29

[illegible]

Indices

NEW YORK—DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

RISES AND FALLS

[illegible]

MONTREAL

[illegible]

TORONTO

[illegible]

S.E. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

LONDON STOCK EXCHANGE

MARKET REPORT

Post-Budget euphoria and big profits gains sweep equities to new records

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Feb 27	Mar 8	Mar 9	Mar 19
Mar 12	Mar 22	Mar 23	Apr 2
Mar 26	Apr 5	Apr 6	Apr 16

* "New-time" dealings may take place from 9.30 am two business days earlier.

Post-Budget excitement and bumper profits from Europe's two largest oil groups, Royal Dutch/Shell and British Petroleum, swept London equities to record levels late yesterday. An optimistic statement on current trading, including the prediction of accelerating earnings this year, from leading Engineer TI provided further market buoyancy. The FT Industrial Ordinary share index reflected this, jumping 11 points for a four-day upsurge of nearly 35 points to a best ever 875.6.

Prior to the afternoon advance, equity markets as a whole had continued Wednesday's process of adjustment to radical tax changes and other Budget measures. U.S. influences, and thoughts that Wall Street could be bracing itself for Prime rate increases countered the effects of Wednesday's UK base lending rate reductions and made for early caution.

However, small initial losses among leading shares were gradually regained. Some equity traders had been looking for a second wave of post-Budget buying, being impressed by the previous day's remarkable consolidation of Tuesday's sharp 21-point rise. But the late movement caught most unawares: market attendance was affected by the counter-attraction of Cheltenham Gold Cup Day.

Fears that oil companies would experience an accelerating value added tax bill were forgotten as the sector responded strongly to BP and Shell's good results. Clearing Banks began lower on reports that future profits would be hit by substantial new tax liabilities as capital allowances are phased out, but soon rallied to close higher on balance.

Banks dip and rally

Stock indigestion following Wednesday's tap exhaustion, and the threat of dearer money in the US caused potential buyers of Government securities to withdraw. Selling pressure was generally light but in thin trading it brought losses ranging to ¼ among longer-dated issues. Sterling's easier trend against the dollar also inhibited trade. Index-linked Gilts went down again, still reflecting the prospect of lower UK inflation.

Early sentiment in the banking sector remained focused on the clearers following the Chancellor's decision to reduce capital allowances, a move which will severely affect their leasing businesses. The previous day's sharp falls of around 40 were followed by fresh losses of around 13, before prices rallied sharply and Lloyds closed a net 10 up at 598p, after 575p. Midland finished 7 better at 395p, after 378p, while Barclays ended a couple of pence better at 537p, after 523p. NatWest were unaltered at 670p, after 658p. Elsewhere, United Leasing moved up 10 to 220p, but Baltic Leasing slipped 7 to 263p. Grindlays reflected revived takeover speculation with a rise of 7 at 147p. Among Hire Purchases, Cattles Holdings hardened a fraction to 36½p, after 37p, in response to the annual results and proposed 20 per cent scrip-issue.

Still stunned by the abolition of premium relief, Life Insurances gave further ground. Pearl dropped 10 more to 720p as did Prudential, to 430p, while Equity and Law gave up 8 at 712p. Willis Faber continued to draw strength from stockbroker's Phillips and Drew assessment that the group should be a major beneficiary of the changes in corporation tax and closed 6 higher for a two-day jump of 41 to 728p. Elsewhere in Lloyds Brokers, Sedgwick eased to 224p on initial disappointment with the modest annual profits increase, but rallied well to close a net 6 dearer at 238p. Phoenix were a notable dull feature in Composites, falling 17 to 420p on the absence of support.

Scantronic, the digital communication equipment manufacturer floated off by Automated Security Holdings, made a successful debut in the Unlisted Securities Market; the shares, placed at 78p, opened at 102p and moved up to 108p. Among other recently-issued equities, Our Price Records met with profit-taking and shed 7 to 253p, but oil and gas exploration group Petranol advanced 13 more to 268p, after 248p.

Breweries furthered their post-Budget buoyancy. Grand Metropolitan led the advance with a fresh improvement of 6 to a new peak of 330p, while Allied Lyons added 3 at 174p and Vaux the same amount to 225p. Elsewhere, Distillers edged forward a penny to 263p. Invergordon also gained the turn to 162p despite the reduced profits.

Leading Buildings were generally neglected, but Costain hardened 4 to 290p helped by its Canadian associate's return to profitability. Barratt Developments remained overshadowed by the disappointing preliminary results and shed 6 for a three-day fall of 26 to 136p. Elsewhere, Magnet and Southerns attracted revived support and put on 6 to 152p, but Meyer International shed 5 to 143p. Trent Holdings gained 9 to 86p following a newsletter recommendation, while Sharpe and Fisher added 3 to 77p on the good preliminary results and scrip issue proposal.

ICI improved to 604p on exchange rate influences prior to closing a net 4 up at 600p. British Tar Products added 3 more to 86p; the company recently sold its trading business, Wynmouth Lehr and Fatoils to N.W. Harvey, an unlisted commodity trader, for £1.15m cash.

Grattan pleases

Still reflecting hopes that consumer spending will rise sharply as a result of the Budget tax changes and the mooted reduction in mortgage rates, Leading Stores gave another firm performance. Gussies A were outstanding with a rise of 20 to 650p, while Marks and Spencer hardened 2 more to 265p as did Debenhams, to 188p and Habitat, to 236p. Mail-order concern Grattan featured secondary issues, jumping 12 to 90p in response to the strong profits recovery and accompanying encouraging statement. Empire, 90p, and Freemans, 122p, gained 4 apiece in sympathy. Bolton Textile advanced 4 to 23p following the trebled first-half earnings, while Austin Reed A advanced 10 to 163p on revived speculative support.

Thorn EMI, up 20 at 673p, more than recovered the previous day's fall which followed the proposed changes in corporation tax and capital allowances. Other leading Electricals also made headway after a rather uncertain start; GEC, 198p, and Plessey, 242p, both improved 5, while Racal ended 4 better at 214p. Elsewhere, Ferranti rallied 8 to 707p. Eurotherm, however, met with selling following the annual meeting and fell sharply to 245p before picking up to close a net 27 down at 265p. Geo. H. Scholes, still reflecting disappointment with the results, reacted 17 further to 388p, but Michael Black hardened 2 to 76p on the recommended increased share exchange offer from Emess Lighting; the latter rose 12 to 285p.

The forecast of greatly improved results this year, which accompanied the preliminary figures, prompted a flurry of activity in TI responding strongly particularly in the late afternoon. TI settled 30 higher at a new 1983-84 peak of 280p. Other Engineers passed a quiet trading session. Among the occasional movements, renewed support lifted Birmid Qualcast 6 to 99½p, while Whessoe were noteworthy for a similar gain at 114p.

Food Retailers, easier initially on profit-taking, picked up on renewed demand to close narrowly mixed. Associated Dairies slipped to 174p, but subsequently improved to close 4 dearer on balance at 180p, but J. Sainsbury finished marginally easier at 527p. Trading statements provided the interest elsewhere in the sector. United Biscuits rose 8 to 167p following the good annual results, but Brooke Bond shed 3 to 82p on disappointment with the interim figures. Bejam also eased 3 to 151p, the increased half-year profits having been discounted. Barker and Dobson lost 1 to 11½p despite increased annual profits and return to the dividend list. Among other noteworthy movements, recently-overlooked Albert Fisher revived 6 to 88p and Cullen's Stores "A" rose 12 to 200p following newsletter comment. Alpine Soft Drinks added 3 to 34p, while buying ahead of next Thursday's annual results lifted J. N. Nichols (Vimto) 50 to 570p in a restricted market.

Ladbroke slipped to 252p before late support left the close a net 2 dearer at a 1983-84 peak of 255p; the preliminary statement is due on March 28. Renewed support left Garfunkels 13 higher at 248p.

W. Canning advance

Among the Miscellaneous Industrial leaders, Bowater encountered early selling and eased to 267p before recovering on fresh speculative demand to close slightly firmer on balance at 275p. Beecham attracted support and put on 7 to 330p, but BTR ended 8 cheaper at 473p following comment on the annual results. Elsewhere, W. Canning, a recent bid favourite, advanced 11 to 119p; the preliminary figures are due next Tuesday. Speculative buying left Sunlight Service 16 to the good at 256p and Christies International 12 higher at 346p. Wolseley-Hughes, at 547p, regained 10 of the previous day's reaction of 23 on the proposals to charge VAT on building alterations. Other noteworthy movements included Reed International, 12 higher at 432p, Smiths Industries, 9 up at 553p, and Brook Street Bureau, 4 dearer at 69p. Rank Organisation hardened a couple of pence to 260p after the chairman's statement at the annual meeting. In contrast, lack of support left Associated British Ports 8 down at 276p, while late offerings prompted a reaction of 7 to 99p in Redfearn Glass.

A rather subdued Motor sector recorded two firm Garage features. British Car Auction revived with a rise of 7 to 126p, while Glanfield Lawrence gained 4 to 42p. Appleyard, on the other hand, softened a penny to 32p; the absence of a dividend payment annulled details of the profits recovery. Elsewhere, Lucas improved a few pence to 212p.

East Lancashire Paper became an isolated dull feature, falling 8 to 53p on news of the final dividend reduction and sharp profits contraction.

Properties had a distinctly mixed appearance. Land Securities were actively traded and reacted to 267p on profit-taking before picking up to close 6 lower on balance at 274p. MEPC closed 3 dearer at 292p, after 289p, while Peachey rose 6 to a 1983-84 peak of 211p. Haslemere Estates shed 8 to 478p, but Hammerson "A" hardened 5 to 540p. British Land closed without alteration at 127p; Royal Insurance has increased its stake to 12.29 per cent. Secondary issues attracted selective support. Daejan rose 10 to 212p and Country and New Town 5 to 84p. County Properties gained 7 to 77p, while M. P. Kent firmed 3 to 49p. Against the trend,

The reticence of Trafalgar House to respond to the Monopolies Commission's go-ahead for its offer for P & O left the latter 5 easier at 300p; TH firmed the turn to 232p.

In the wake of heavy overnight buying in New York, Bats closed 10 higher at 206p, after 208p; the annual results are scheduled for March 28. Imperial, on the other hand, softened a penny more to 140p.

Investors' attention in Financials shifted to money brokers and associated issues. Mills and Allen International were 15 dearer at 365p awaiting today's half-timer, while Exco International, preliminary figures due in the next Account, rose 30 to 615p.

BP and Shell rise

The outstanding performances in Oils came from the two majors, British Petroleum and Royal Dutch/Shell following their respective preliminary results. BP set the tone around midday by revealing profits well in excess of estimates and raced up to 455p prior to closing a net 23 up at 453p. Shell, already 15 higher awaiting its figures, moved up to 675p on the announcement before closing 28 higher on balance at 673p. Royal Dutch rose 1½ to £35½. Other Oils were completely overshadowed and usually eased. Ultramar slipped 10 to 712p after comment on its annual results, while LASMO shed 5 to 285p. Britoil, however, met with late support and firmed 5 to 235p. Elsewhere, Bristol Oil and Minerals lost 5 to 56p on rumours of an adverse drilling report, but Atlantic Resources moved up to 550p before settling 20 higher at 530p awaiting news of the appraisal well currently being drilled off the coast of Waterford. Sceptre Resources advanced 13 to 53p following the agreed bid from Clabir International, while news of Bell Resources' improved offer for the outstanding 53 per cent of Weeks Petroleum Australia 15 to 440p, Weeks Options 6 to 77p and Weeks Australia 3 to 108p. Weeks Bermuda moved up to 465p before closing without alteration at 440p.

Golds give ground

Wednesday's modest recovery in mining markets failed to gain impetus. South African Golds gave ground in extremely subdued trading reflecting the easier bullion price which continued to decline from the psychologically-important $400 per ounce level. This, together with another disappointing performance by the rand against the dollar, encouraged small selling from Johannesburg.

Sporadic Continental interest was not matched in London and prices drifted gently lower until limited support from U.S. sources prompted a minor rally after-hours.

Falls among the heavyweights still ranged up to over a point, however, with St Helena 1½ lower at £27, Winkelhaak £39, Free State Geduld, £30½, Vaal Reefs, £94½ and Western Holdings, £36, all shed around a point while Southvaal eased ¾ to £45½.

More marginal issues showed ERGO 27 lower at 684p and South African Land a similar amount cheaper at 561p. Loraine fell 23 to 424p.

Having traded down to around the $394 per ounce level at midday, bullion staged a modest recovery behind the firmer dollar to close at $395.25 per ounce, still $4.25 lower on the day. The Gold Mines index dropped 14.3 to 688.9.

London Financials again failed to benefit from record levels in equities. RTZ shed 5 more to 663p, while Charter eased a couple of pence at 235p. Gold Fields were unchanged at 600p, after 595p. Easier South African Financials had De Beers 8 lower at 600p, after 593p.

A buoyant market recently reflecting the relative strength of free market antimony, Consolidated Murchison encountered scattered profit-taking and closed 27 lower at 905p, after 900p, albeit in a restricted market.

Lower bullion in New York and Hong Kong hindered support of the leading Australian golds and Gold Mines of Kalgoorlie cheapened 5 to 755p. Among the more speculative counters, Whim Creek shed 6 to 226p, while Southern Resources remained friendless and closed 15 lower for a two-day loss of 22 to 90p.

Buoyant conditions in equities were mirrored in Traded Options where total contracts struck amounted to 6,213—the highest since late January. BP recorded 683 calls, with the April 420's rising 8 to 33p, and 131 puts, while Shell attracted 221 calls and 105 puts on their respective preliminary results. Elsewhere, GEC positions remained popular with 510 calls and 424 puts transacted.

FINANCIAL TIMES STOCK INDICES

	March 15	March 14	March 13	March 12	March 9	March 8	year ago
Government Secs	83.18	83.43	83.50	83.43	83.14	83.18	81.40
Fixed Interest	87.16	87.48	87.46	87.28	87.14	87.12	83.14
Industrial Ord.	875.6	864.6	865.0	844.1	840.9	837.7	661.9
Gold Mines	688.9	703.1	693.4	697.8	711.7	696.9	548.0
Ord. Div. Yield	4.53	4.27	4.26	4.36	4.38	4.40	4.88
Earnings, Yld.% (full)	9.15	9.17	9.13	9.36	9.42	9.44	10.25
P/E Ratio (net) (*)	16.81	16.80	16.24	12.23	19.84	19.80	11.79
Total bargains	26,734	24,393	22,420	24,603	24,010	23,502	22,449
Equity turnover £m.	—	609.57	309.87	237.00	617.49	278.61	224.05
Equity bargains	—	25,555	20,143	21,503	26,096	20,312	20,431
Shares traded (ml)	—	255.3	130.0	146.2	182.8	170.1	146.7

10 am 863.4. 11 am 862.2. Noon 863.4. 1 pm 865.6. 2 pm 867.4. 3 pm 871.6.

Basis 100 Govt. Secs. 8/1/58. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest index 01-246 8026.

*Nil=12.40.

HIGHS AND LOWS / S.E. ACTIVITY

—	1983/84 High	1983/84 Low	Since Compilat'n High	Since Compilat'n Low		March 14	March 13
Govt. Secs.	83.77 (9/1/84)	77.00 (24/1/83)	127.4 (9/1/35)	42.18 (3/1/75)	—Daily Gilt Edged Bargains	169.6	150.2
Fixed Int.	87.48	79.05	150.4	50.53	Equities Bargains	166.3	130.5
Ind. Ord.	875.6	598.4	876.6	49.4	[illegible]	[illegible]	[illegible]
Gold Mines	734.7	444.3	734.7	43.5	[illegible]	[illegible]	[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Thur March 15 1984

Figures in parentheses show number of stocks per section

FIXED INTEREST

*Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 17,793

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1984. N Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ■ Allotment letters (or fully-paid). ‖‖ Introduction. ● Unlisted Securities Market. § Placing price. †† Official London Listing. * Offered as units, comprising one ord and one N/V A ord. † Offered as units ... Prf. share of 1p and 55p of 12 per cent Conv. Ln. ...

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	96	8
Corpns. Dom. and Foreign Bonds	2	24	52
Industrials	304	239	870
Fin. and Props.	132	98	294
Oils	30	20	71
Plantations	3	1	13
Mines	18	79	76
Others	105	34	65
Totals	596	591	1,449

FT-SE 100 INDEX

Close 1101.1 (+13.4)
Day's high 1101.1 (4.37pm)
Day's low 1082.6 (9.52am)
Base value=1000 December 30 1983

NEW HIGHS AND LOWS FOR 1983/4

NEW HIGHS (138)

BRITISH FUNDS (1) BANKS (2) BREWERS (3) BUILDINGS (7) CHEMICALS (1) STORES (7) ELECTRICALS (13) ENGINEERING (4) FOODS (3) HOTELS (2) INDUSTRIALS (27) INSURANCE (1) MOTORS (1) NEWSPAPERS (3) PAPER (2) PROPERTY (13) SHOES (1) SOUTH AFRICANS (2) TEXTILES (3) TOBACCOS (1) TRUSTS (13) OILS (5) PLANTATIONS (2) MINES (1)

NEW LOWS (8)

Treas 2½pc IL'11 BUILDINGS (1) Barratt Devs STORES (1) Wigfall (H.) ELECTRICALS (4) Imtec Bus Systems Electrol Elect Oceonics Telefusion INDUSTRIALS (1) Business Computers

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Mar 5	Mar 16	June 14	June 25
Mar 19	Mar 30	June 28	July 9
Apr 2	Apr 13	July 12	July 23

For rate indications see end of Share Information Service

Calls were arranged in Allied Plant, Manganese Bronze, Birmid Qualcast, Barratt Developments, Hongkong and Shanghai Banking, Headlam Sims and Coggins, W. Canning, Polly Peck, American Oil Systems, Atlantic Resources, Brunswick Oil, Combined English Stores, Aran Energy, W. E. Norton, Keep Investment, AE, Sterling Guarantee Trust, Unigate, Oliver Prospecting and CPS Computer. Puts were done in Baltic Leasing and Pleasurama, while a double was struck in Chamberlain Phipps.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Associated Dairies	180	+4
Atlantic Resources	530	+20
Barratt Devs	136	-6
BP	453	+23
Canning (W.)	119	+11
ICI	600	+4
P. and O. Defd.	300	-5
Sedgwick	238	+6
Shell Transport	673	+28
Sunlight Service	256	+16
TI	280	+30
Ultramar	712	-10

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of price changes	Wed. close	Day's change
Powerline Int N	26	256	+6
Baltic Leasing	21	270	-9
Barclays Bank	21	535	-40
BTR	18	481	+1
Sainsbury (J.)	18	528	+12
Ferranti	18	699	-21
GUS "A"	17	630	+15
Midland Bank	17	388	-17
NatWest Bank	17	670	-50
Platon Intl New	17	400	+15
Bowater	16	274	+5
Nembro Life	15	194	+8
Petranol	15	255	+17
Allied - Lyons	15	171	+8

LONDON TRADED OPTIONS

Mar. 15. Total Contracts 6,213. Calls 4,592. Puts 1,621.

*Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983-84 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
104¼	100½	Exchequer 14pc 1984	100⅞	..	15.88	9.06
98½	92½	Exch. 3pc 1984	98½	+1/32	3.05	8.81
102 3/16	100 3/16	Treasury 12pc 1984	101½xd		11.82	8.98
107 11/16	104 13/16	Treasury 15pc 1985	105 1/16	-1/16	14.28	9.18
107	101 1/16	Exch. 12pc Cnv '85	102 5/16xd	-½	11.70	9.30
94⅝	88⅝	Treasury 3pc 1985	93 11/16	+⅛	3.19	8.48
102⅞	99⅛	Treasury 11½pc 1985	102½	-⅛	11.22	9.43
102	95	Treas 8¾pcCnv '85	99 5/16	-⅛	8.82	9.32
104 3/16	100⅛	Exch 12¼pc 1985	103 13/16	-¼	11.79	9.61
103 11/16	99 1/16	Exch. 11¾pc '86	103 5/16	-¼	15.35	9.67
102⅛	97¼	Treas 10pc Cnv 1986	101 5/16xd	-7/16	9.85	9.10
90¼	85⅝	Treasury 3pc 1986	88⅞	+1/16	5.40	8.99
102	97 3/16	Exch. 10½pc Cv '86	101½	-5/16	10.34	9.70
104 3/16	100 1/16	Treasury 12pc '86	103 11/16	-3/16	11.44	9.95
98¼	94⅛	Treasury 8¼pc '84-86‡‡	97⅛	-⅛	8.70	9.59
109 5/16	105 3/16	Exch. 14pc 1986	108¼	-3/16	12.93	10.34
87½	84½	Exch 2½pc 1986	85¼	..	2.93	8.77
107⅛	103⅝	Exch. 13¼pc 1987	107 3/16	-3/16	12.36	10.24
100⅞	95⅞	Treas 10¼pc Cnv '87	100½	-¼	10.20	10.03
86⅛	80¼	Exchequer 2½pc 1987	83 11/16	-1/16	2.99	8.91
101 3/16	95⅞	Exch. 10½pc 1987	100¼xd	-3/16	10.42	10.22
93¼	88⅛	Funding 6½pc '85-87‡‡	91⅛	....	7.11	9.76
99⅝	96	Treas 10pc 1987	99¼	-¼	10.08	10.25
86	80¼	Treasury 3pc 1987	82⅝	-1/16	3.63	9.17
104 11/16	99⅞	Treas 12pc 1987	104¼	-⅛	11.51	10.53
94⅞	89⅛	Treasury 7¾pc '85-88‡‡	93⅞	-⅛	8.26	9.67
101½	95½	Exch 10½pc '88	100¼	-¼	10.47	10.41
98 1/16	95 13/16	Treas 9¾pc Conv '88	98 1/16	-¼	9.94	10.30
82	75⅛	Transport 3pc '78-88	80	-⅛	3.75	8.67
96¼	90⅛	Treas. 9½pc '88	96¼	-¼	9.87	10.53
106¼	95⅛	Treasury 11½pc 1989	103⅛	-¼	11.08	10.49

Five to Fifteen Years

1983-84 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
103	94⅛	Treas 10½pc 1989	102⅞	-3/16	10.51	10.49
100	96⅛	Exch 10pc 1989	99⅝	-3/16	10.28	10.66
40 3/16	39 13/16	Do 10pc '89 A (£40pd)	40	-3/16	10.21	10.52
85⅛	76	Treasury 5pc '86-89	81xd	-⅛	4.14	9.35
119	103	Treasury 13pc 1990‡‡	111⅛	-½	12.92	10.84
110¼	100⅞	Exch. 12½pc 1990	107¼xd	-½	11.63	10.78
93⅛	86⅛	Treasury 8¼pc '87-90‡‡	92⅛	-¼	9.16	10.44
98⅛	96	Treas 10pc Cv '90 (£65pd)	98 3/16	-⅛	10.25	10.53
108¼	97	Treasury 11¾pc 1991	106⅛	-⅛	11.30	10.88
84⅛	74⅛	Funding 5¾pc '87-91‡‡	79½xd	-¼	7.20	9.78
105¼	95⅞	Exch. 11pc 1991	105¼	-½	10.90	10.80
114⅛	102	Treasury 12¾pc '92‡‡	115⅛	-⅛	11.62	10.86
100⅝	88⅛	Treasury 10pc 1992	98	-⅛	10.27	10.49
111⅛	98½	Exch. 12¼pc '92	107¼	-⅛	11.44	10.94

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. AND LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY—Continued

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INSUR

LEISU

مكتبة الأصل

INDUSTRIALS—Continued

1983-84 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
55	52½	MCO Group	55	+1	u1.0	2.2	2.6	25.1
		for MMT Computing see Electricals						
29	16	M.Y. Dart 10p	24		20.25	—	1.3	—
212	134	M'c'rthy Ph. 20p	145		7.0	2.8	6.9	6.4
148	128	Macfarlane Gp	146		†3.52	2.1	3.4	17.0
46	33	Maclellan 20p	38		d1.5	1.6	5.6	13.6
87½	31	Macpherson (D.)	87½	+3½	d2.25	♦	3.7	♦
56	41	Magnolia Group	55		2.3	3.2	6.0	6.5
72	50	[illegible]	58		—	—	—	53.6
262	65	Man. Ship Can. £1	262	+2	5.5	5.5	3.0	13.5
92	48	Marley	88xd	+1	3.2	42.3	5.7	9.0
49½	30½	Marling Ind. 10p	47½		†1.08	1.7	3.2	(21.0)
36	25	Marshall L'ty. 'A'	35		‡1.2	—	‡	—
70	44	Marshall's Univ	64	+2	[illegible]	—	—	126.3
32½	23	Martin-Black	30		—	—	—	—
£130	£83	[illegible] 7¼%	£[illegible]		Q7¼%	2.3	7.2	—
356	154	Metal Box £1	340		†13.55	3.2	4.9	(8.3)
181	104	Metal Closures	175		5.7	1.8	4.7	(11.0)
36½	14	[illegible]	22	−1	—	—	—	—
19	6	Metamec Jentique	14		0.01	—	0.1	—
147	70	Midland Ind	115		4.0	2.1	5.1	13.5
56	20	Mobec Grp 5p	25		†0.19	15.4	1.2	5.7
£271	£150	M'santo 5pc Cv	£[illegible]	+2	Q5%	—	(2.3)	—
148	76	Morgan Crucible	147		†7.5	0.6	7.3	(0.0)
95	54	Moss (Robt.) 10p	95	+2	†2.0	2.4	3.0	17.4
248	155	NMW Computers	248		4.0	4.0	2.3	15.4
67	42½	Nash Inds.	62	−1	4.0	2.2	9.2	7.2
45	22	Neill&Sp'ncer 10p	45		—	—	—	—
64	35	New Equip 10p	49xd		1.15	♦	3.4	♦
73	20	Nolton	56½		1.0	2.9	2.5	14.4
175	117	Norcros	162	−3	07.0	2.3	6.2	9.7
89	46	Nu-Swift 5p	65		2.4	♦	5.4	♦
140	89	Oakwood Grp.	90		d6.5	—	10.3	—
325	180	Office & Elect.	180		7.5	2.0	6.0	8.4
950	700	Oriflame Intl SA	800		Q5%c	♦	4.5	♦
41	23½	Overstone 12½c	42	+2	†Q3½c	2.6	3.6	7.3
£346	£93½	Ozalid Fin. Cv	£132	−2	Q9%	—	7.0	—
180	150	PCT Group 10p	180		6.0	2.1	3.7	17.0
[illegible]								

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—continued

Australians

1983-84 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28½	13½	[illegible] 20c	17		—	—	—
52	20	[illegible] Expl. NL	34	−1	—	—	—
10½	3¼	[illegible] Oil & Mins	4½	+¼	—	—	—
14	17	[illegible] Hydrocarbons NL	18		—	—	—
40	9	[illegible] Mng. NL	28½		—	—	—
35	11	[illegible] Res	33	−2	—	—	—
60	29	[illegible] NH Mins	33		—	—	—
104	51	[illegible] Corp	98		Q10c	0.7	6.9
183	116	[illegible] 1 Kina	163	+3	Q15.56c	♦	6.5
396	204	[illegible] $2	350	−4	Q12c	♦	2.3
145	60	[illegible] Boyd 20c	80	−2	—	—	—
44	25	[illegible] Kalgoorlie	30	−3	—	—	—
43	18	[illegible] Pacific	22		—	—	—
4	2¼	Cons. Gold Mng Areas	4		—	—	—
17	5	Coopers Res N.L.	8		—	—	—
255	183	Crusader Oil	188		—	—	—
28½	0	Cultus Pac NL	13½		—	—	—
19	7	Eagle Corp 10c	10	+½	—	—	—
[illegible]							

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL AND IRISH STOCKS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 39

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

Insurances—continued

Offshore & Overseas—continued

Money Market Trust Funds

Money Market Bank Accounts

Colonial Mutual Group
24 Ludgate Hill, EC4P 4BO. 01-248 9861

Capital Life Assurance

Key Inv Fd	—	130.48	....	—
PcmkrInvFd	—	130.91	....	—
Equity Fd	115.81	121.69	....	—
Fxd Int Fd	109.34	115.09	....	—
ProptyFd	103.49	108.94	....	—
Cash Fd	101.91	107.27	....	—
Managd Fd	118.91	125.17	....	—

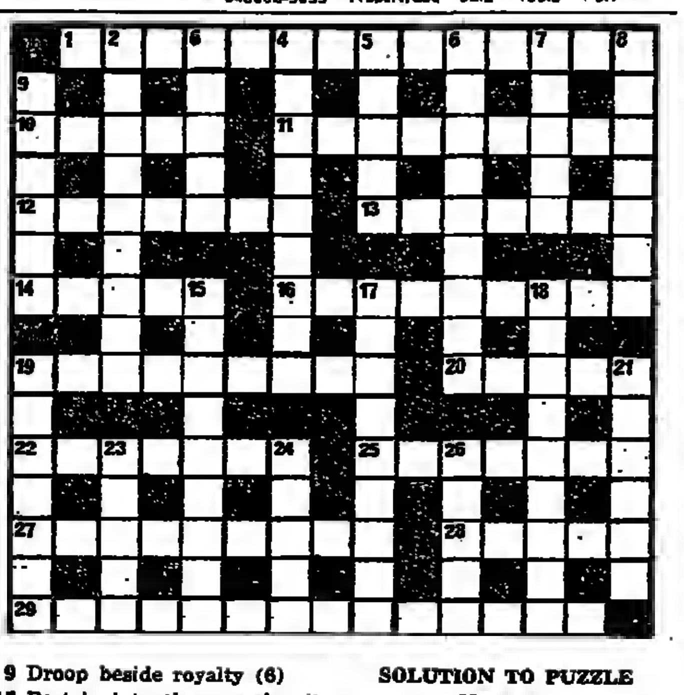
Col Mut Life (Pension Annuities)

ManCpA/8	105.05	111.33	....	—
MuninvA/8	106.45	112.08	....	—

Commercial Union Group
St Helens, 1 Undershaft, EC3. 01-283 7500

VarAnnMur18	—	34.49	....	—
VarAnAccUts	—	156.68	....	—

F.T. CROSSWORD PUZZLE No. 5,368



ACROSS

1 Thackeray's work at last? (3, 4, 2, 5)
10 Metal takes some finding otherwise! (5)
11 Traveller a burden to others (9)
12 He taunts potential member (7)
13 One who hears American registered student (7)
14 Genuine number in Kingdom (5)
16 Ubiquitous joint ? (9)
19 Spartan directed round Herts town (9)
20 Guides in Yorkshire we hear (5)
22 A match for the leader of angelic rebellion (7)
25 Upset priest goes east for a pause from exertion (7)
27 Sat and learnt perhaps to put into German ? (9)
28 Put up beams so to speak (5)
29 If meeting hosts unexpectedly, it shows you're in 1984 (4, 2, 3, 5)

DOWN

2 Minor piece of furniture ? (4-5)
3 A nut to gamble with the Spanish (5)
4 Suitable drink after work with a Continental (9)
5 . . . so is a new musical alternative (5)
6 Rate fit for Veronica (9)
7 Should you fight without initially yearning for independence ? (5)
8 Sisterly type doesn't finish exam (7)
9 Droop beside royalty (6)
15 Party's intentions—make it clear love! (9)
17 Bury iron about to obstruct (9)
18 One target is possibly to be like Aristotle (9)
19 Greets girl mixing suet (7)
21 You may play this way before leading orchestra (6)
23 Many going to Archbishop make a noise (5)
24 Get a meal with old coin found in the rubbish (5)
26 28 converted a seraglio (5)

SOLUTION TO PUZZLE No. 5,367

INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Ass.—Cont.

Income Accum	136.1	141.3	-0.6	—
Universal Tec Acc	90.9	95.7	-0.6	—
Do Initial	90.0	94.8	+0.6	—
Man Pens Accum	266.8	280.9		—
Do Initial	217.4	228.9		—
Gilt-Edg Pens Accum	225.6	237.5		—
Do Initial	176.8	186.2		—
Money Pens Accum	191.9	204.3		—
Do Initial	156.1	142.7		—

Black Horse Life Ass. Co. Ltd

71, Lombard St., EC3 01-623 1288

Black Horse Man Fd		248.57		—
Managed Inv Fd	167.90	176.74		—
Property Fd	153.56	161.65		—
Fixed Interest Fd	149.17	157.02		—
Cash Fd	138.42	145.71		—
Income Fd	195.19	205.47		—
Extra Income Fd	189.99	199.36		—
Worldwide Growth Fd	222.77	234.50		—
Balanced Fd	191.43	201.51		—
Smllr Co's & Recy. Fd	226.65	238.58		—
Int. Technology Fd	250.17	263.35		—
Nth Amer & Gen. Fd	143.53	151.57		—
Energy Int Fd	106.85	112.48		—
Pacific Basin Fund	152.31	160.33		—

British National Life Assurance Co. Ltd.

Haywards Heath. 0444 414117

Managed	119.6	125.9		—
Property	122.1	128.5		—
Equity	128.1	134.9		—
International	127.9	134.6		—
Fixed Interest	106.9	112.5		—
Deposit	101.4	106.7		—
Managed Pen. Cap.	119.5	125.8		—
Property Pens. Cap.	123.2	129.6		—
Equity Pens. Cap.	132.8	139.8		—
Intnl. Pens. Cap.	137.4	144.7		—
Fixed Int. Pens. Cap.	102.6	108.0		—
Deposit Pens. Cap.	98.4	103.6		—

Canada Life Group

2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth March 1		103.6		—
Rent. Fed. Mar 6		275.2		—
Managed Pen Fund	190.5	200.5		—
Property Pen Fund	117.8	124.0		—
Index Lnkd Pen Fund	121.0	126.9		—
Managed	129.2	136.0		—

G.T. Management Ltd.

16 Finsbury Circus, Lond EC2M 7DJ 01-628 8131

G.T. Plan Sted Fund	125.5	132.5	-0.2	—
GT Pla. High Yld Fnd	132.4	139.9		—
GT Plan Far East Fnd	135.0	142.3		—
GT Plan N. Am Fd	123.0	129.5		—
GT Pln UK&G. 1. Fnd	152.4	160.5		—
GT Pln Wrldwde Fnd	146.6	154.4		—
GT Pension Bnd Fnd	138.0	145.3	-0.3	—
GT Pen High Yld Fd	154.7	162.4		—
GT Pen Far East Fd	168.5	177.4		—
GT Pen N. Am. Fd	171.0	180.0		—
GT Pen UK & G.I. Fd	177.0	186.4		—
GT Pen Worldwide Fd	157.4	165.7		—

Prices for Accum. Units only

Assicurazioni GENERALI S.p.A.

117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl Managed Bond	170.6	179.6		—

General Portfolio Life Ins. PLC

Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd Acc.		260.6		—
Portfolio Fd. Init.		211.8		—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat

Gresham Unit Ass. Ltd.

2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd	283.8	299.1	+7.8	—
Money Fd	158.3	166.6	+0.3	—
Equity Fd	237.8	250.6	+5.5	—
Fixed Int. Fd	123.9	130.4	+0.2	—
Property Fd	176.2	185.7		—
Managed Pen. Fd	276.9	291.8		—
Equity Pension Fd	176.2	185.7		—
Fixed Int. Pen. Fd	172.7	182.0		—
High Yield Pen. Fd	170.2	179.3		—
Money Pension Fd	132.0	139.0		—
Property Pension Fd	129.9	136.9		—
Gresham/Framlington				
American & Gen Fd	226.1	238.3	+1.5	—
Income Fd	217.2	228.9	+1.6	—
Int'l Growth Fd	268.0	282.4	+1.7	—
Capital Fund	221.6	233.5	+2.5	—
Recovery Fund	163.8	172.6	+0.7	—
Japan & Gen Fd	101.0	106.4		—

Growth & Sec. Life Ass. Soc. Ltd.

48, London Fruit Exchange, E1 6EU 01-377 1122

Lloyds Life Assurance—cont.

Eartmore Funds—Series A

American Mar 13 · Australian Mar 13 · British Mar 13 · Commodity Mar 13 · Extra Inc Mar 13 · Far Eastern Mar 13 · Gilt Mar 13 · Global Strat Mar 13 · Gold Share Mar 13 · High Inc Mar 13 · Income Mar 13 · Japan Mar 13 · Oil and Energy Mar 13 · Special Sits Mar 13 · UK Smlr Cos Mar 13 · Man Gwt Mar 13

London A'deen & Nthn. Mtl. Assur. Ltd.

129 Kingsway, London

London Indemnity & Gnl. Ins. Co. Ltd

18-20, The Forbury, Reading

London Life Linked Assur. Ltd.

100, Temple St., Bristol

London & Manchester Gp.

Winslade Park, Exeter

OFFSHORE AND OVERSEAS

[illegible]

Vaccines 'may be cause' of fowl pest

By Our Commodities Staff

OUTLAWED VACCINES could be responsible for the outbreak of fowl pest which claimed another 11,800 hens on a Berwickshire farm yesterday.

Vaccination against fowl pest was banned in 1981 when Britain adopted a slaughter and compensation policy in an attempt to wipe out the disease.

But Mr Don Haxby, president of the Royal College of Veterinary Surgeons, said yesterday there were "grave suspicions" that some farmers may be using vaccines illegally.

These suspicions are supported by the fact that no apparent connection has been found between the five units where the disease has been confirmed over the past few weeks. Several other flocks are under examination following the appearance of suspicious symptoms.

Ministry of Agriculture officials believe illicit vaccine may have been smuggled into the country or produced in Britain. The vaccine gives the birds a mild attack of the disease to allow them to build up a natural immunity. But vets fear that even such mild cases could be sufficient to spread fowl pest.

Coffee prices rally after early decline

NEWS THAT Brazil is lowering the contribution quota (export tax) on sales of coffee brought an early decline in prices on the London Robusta futures market yesterday. However, values subsequently rallied strongly. The May position closed £25 up at £1,927.5 a tonne.

Drop in forecast cocoa shortfall

BY JOHN EDWARDS, COMMODITIES EDITOR

LONDON MERCHANT Gill and Duffus has lowered its forecast of the expected deficit of cocoa production to demand in the 1983-84 season to 56,000 tonnes. This compares with a deficit of 92,000 tonnes predicted in January.

In its latest market report out yesterday, Gill and Duffus emphasises, however, that there will still be a substantial deficit this season. It notes that the forecast includes a significant drop in consumption during the second half of the crop year, which has yet to be substantiated by the hard evidence of reduced chocolate output and grindings figures.

"There is little to suggest that current prices over state the present supply shortfall," the report comments.

Projected world production is lifted to 1,590,000 tonnes, compared with 1,536,000 tonnes forecast in January (and 51,539,000 in 1982/83) as a result of expected bigger crops in Ghana and Ivory Coast offsetting decline in Brazil and Nigeria.

The report adds that the unprecedented controversy surrounding the size of the Ivory Coast main crop has yet to be resolved.

Yesterday the Ivorian Chamber of Commerce in Abidjan predicted a 1983/84 cocoa crop of 350,000 tonnes, virtually the same as in 1982/83 but much below the 1981/82 peak of 456,000 tonnes. However, London traders claim that the total of purchases so far this season indicates an overall crop of about 395,000 tonnes in line with the recent U.S. Department of Agriculture estimate.

Prices rose sharply in late trading on the London futures market yesterday. The May position, after touching a low of £1,764, rallied to close at £1,806.5 a tonne, £40 up on the previous close. The recovery was attributed to fears of continued dry weather hitting Brazilian crop prospects.

Meat futures market opens

BY RICHARD MOONEY

BRITAIN'S first meat futures market opens in London this morning. The London Meat Futures Exchange's pigmeat futures contract is expected to attract considerable interest from the meat trade and pig farmers, but the extent to which that interest will be translated into actual trading remains uncertain.

As the only red meat producers without the back-up of firm EEC guarantee prices, pig farmers might expected to respond enthusiastically to the degree of predictability the new market could lend to their operations. However, British farmers are notoriously suspicious of futures trading.

After a period of painful losses, pig prices have risen recently to levels at which most producers are about breaking even. With a further rise widely expected, prices on the futures market should be sufficient to underwrite modest profits for the farmers this summer.

AMC cuts cost of loans for farmers

FOLLOWING the recent cut in bank base rates the Agricultural Mortgage Corporation has announced cheaper loans for farmers.

New variable rate loans will be charged at 10.5 per cent from today, down from 11 per cent, and interest on new fixed rate loans will come down from 13.5 per cent to 13 per cent.

Existing variable rate borrowers will continue to pay 11 per cent until June 1, the next review date.

● MCP-PEKO said it raised its UK producer price for 99 per cent bismuth to $2.50 a lb from $2.30, to take effect immediately.

● TRADING in palm oil futures on the Kuala Lumpur Commodity Exchange continued to be suspended except for the liquidation of spot March contracts.

● AVERAGE price of all teas sold at the London auctions dropped to 252.86p per kilo from 254.34p last week.

● BANGLADESH tea auction saw all grades of tea sold at easier prices, apart from CTC (cut, tear, curl) broken varieties.

● KAISER ALUMINIUM and Chemical Corporation is interested in building an aluminium smelter near Sept-Iles, Quebec, Mr Rodrigue Biron, Canadian Provincial Industry Minister, said.

● NEW ZEALAND futures market, at present limited to wool, will be expanded this year to include share index, U.S. dollar and interest rates contracts, New Zealand Commodities Market said.

● U.S. Rice Millers' Association said it had withdrawn a petition for retaliatory trade action against Taiwan after it agreed to limit its subsidised rice exports.

Cash boost for Australian wool growers

BY ANTHONY MORETON, TEXTILES CORRESPONDENT, IN CANBERRA

THE AUSTRALIAN Government yesterday committed itself to a five-year programme of increased assistance to the wool industry to help promote the fibre in world markets.

In one of the most significant decisions made over the past 10 years the government announced it would put up A$1 (£1.52) in promotion aid for every two provided by the country's growers.

Mr John Kerin, Minister for Primary Industry, said yesterday that this support would amount to between A$23m and A$27m in the financial year 1984-85, rising to between A$31m, and A$37m, in the fifth year.

The actual figure in any year will depend on the amount of the wool clip and its price. Growers now pay a 2½ per cent promotion levy on their gross income. It has been forecast that the clip will rise in the next few years, following the end of the long drought, as the number of sheep in Australia rises from its present level of about 133m.

The influential Australian Wool Corporation has been urging Mr Bob Hawke's Labour Government to honour its 1983 election commitment to increase its grant to the growers from A$20m to A$28m a year. Mr Hawke has said previously that the economic situation did not allow this step but last week at a farmers' open day in New South Wales he signalled a change of policy.

Mr Kerin said yesterday that the amount given to the industry would "average A$28m, a year over the five year period."

He added: "The government made an election commitment to increase funding for wool promotion and we recognise the need to change the way the promotion is funded so that a guaranteed real level of funding is available over a five year period.

Period.

"While Australia no longer rides on the sheep's back, a healthy wool industry has significant multiplier effects throughout the rest of the country's economy."

Mr David Asimus, chairman of the Australian Wool Corporation, said afterwards that he was highly delighted with the news. "It is a major step forwards for the growers," he said. The five year assurance will give the growers the incentive we needed to promote wool as it will put the industry on a sound footing.

"It is a courageous decision for the minister to take and is a demonstration of the government's recognition of the importance of the wool industry to the Australian economy."

Wool now accounts for 10 per cent of Australia's export earnings and is second only to coal as an earner of foreign exchange.

Writing off the prospect of new investment

John Cherrington on how the Budget will affect farmers

THE CHANCELLOR'S decision to abolish 100 per cent capital allowances could have considerable impact on farmers' investment plans. Since it was first introduced, farmers have planned their machinery investment according to the short-term profitability of their farms, in order to counter a heavy tax bill in a particularly favourable year.

For instance, following the drought of 1976 those farmers who had access to irrigation made a killing in potatoes, much of which they were able to spend lavishly re-equipping themselves instead of paying a swingeing amount to the Inland Revenue.

This is not to say that many were tempted to invest in the farming equivalent of a white elephant, rather that they took the opportunity to accelerate the writing-off of their existing machinery.

The first effects of the Budget change will certainly be a drop in investment. It is one thing to buy a new combine harvester if it can be written off in one year (although the only real saving is the tax due) but quite another if the write-off is to take several years.

Those most affected will be machinery manufacturers, who undoubtedly benefited from the system. They also benefited from the demand from leasing companies, who were probably exploiting the situation much more skilfully than were farmers.

A sizeable amount of farm machinery is supplied on lease and the companies involved will have to alter their terms of business to meet the new system.

The farm machinery industry worldwide is very much in the doldrums and these measures will almost certainly mean that the British end of it will suffer. Britain's farms are well-equipped and machinery could be made to last a great deal longer.

Farm buildings and drainage until now enjoyed a first year write-off of 30 per cent followed by 10 per cent annually. From April 1 1986 only 4 per cent will be written off each year, which means that it will take at least 25 years.

One can see the logic of the Chancellor in making depreciation cover a longer period, but it will certainly cause farmers to think twice when planning any changes.

However, halving stamp duty, plus the reduction of the top rate of capital transfer tax from 75 per cent to 60 per cent and the reduction of lifetime capital transfer tax from 50 per cent to 30 per cent, will ease transfers of farms and the reliefs for those retiring.

In particular, a tenant farmer can buy a house for his eventual retirement with the capital gains exemption and mortgage interest relief.

The removal of farms from the business expansion scheme will cause no great worry. The money invested in these was attracted by the prospect of profit when the qualifying period of five years was up and the investments could be sold.

It was generally believed that the effect of these schemes, few though they were, was a factor in the continuing rise in land prices.

The abolition of the investment income surcharge will mean rents are classed on the same basis as earned income, thus removing one objection to letting farms.

On the whole, the measures seem to be suitable for a period of tightening margins, accompanied by an easing out of elderly farmers, which in view of the latest news from Brussels is about right.

PRICE CHANGES

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES remained irregular on the London Metal Exchange following another uncertain performance by sterling. Zinc was active, dipping dipping to £671 before rallying on short covering to close at £684.5. Copper traded down to £1,034, recovering ...

SILVER

Silver was fixed 22.45p an ounce lower for spot delivery in the London bullion market yesterday at 646.15p.

COPPER

TIN

LEAD

ZINC

ALUMINIUM

NICKEL

POTATOES

The market reacted to the week overnight New York close and losses of about $3.00 were quickly recorded. Prices recovered somewhat as scattered short-covering, reports C. Czarnikow. The market firmed during the day although the close was about ...

RUBBER

COCOA

COFFEE

GRAINS

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 98.41p per kg lw (+0.55). GB—Sheep 200.40p per kg est dcw (+P.02). GB—Pigs 87.18p per kg lw (−0.19).

INDICES

SOYABEAN MEAL

SUGAR

WOOL FUTURES

COTTON

LONDON OIL

CRUDE OIL FUTURES

SPOT PRICES

GAS OIL FUTURES

GOLD MARKETS

Gold fell $4½ to $395-395½ on the London bullion market yesterday. It also opened at $395-395½, and was fixed at $394.15 in the morning, and $394.50 in the afternoon. The metal touched a high point of $395½-395¾, and a low of $393¼-393¾.

In Paris the 12½ kilo gold bar was fixed at FFr 101,200 per kilo ($394.51 per ounce) in the afternoon, compared with FFr 101,000 ($395.08) in the morning, and FFr 101,300 ($401.14) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,775 per kilo ($394.92 per ounce), against DM 32,800 ($401.48) and closed at $394¼-394¾, compared with $399¼-400.

In Luxembourg the 12½ kilo bar was $394.75 per ounce, against $400.50.

In Zurich gold finished at $394¼-394¾, compared with $399¼-400.

LONDON FUTURES

EUROPEAN MARKETS

ROTTERDAM, March 15.

AMERICAN MARKETS

NEW YORK, March 15.

Copper prices backed off moderately with the bulk of the selling originating from arbitrage against sterling, reports Heinold Commodities. Aluminium prices came under moderate pressure on the weak tone in sterling. Sugar prices rallied early on technically oriented fund buying but could not hold their best levels on the close ... crop plantings were making slow progress. Coffee prices were strong on late indications that Brazil's efforts to be competative on 1984 sales did not carry bearish implications. Cocoa prices advanced strongly following reports that crops in the Ivory Coast and Cameroon were being revised. Heating oil prices were lower after early support ...

NEW YORK

CHICAGO

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firms in quiet trading

The dollar was firmer in currency markets yesterday in rather quiet trading. Rates tended to fluctuate because of the low volume and after an easier start, the dollar improved on late demand. Renewed interest may have been stimulated by a larger than expected increase in U.S. Industrial Production figures for February. The market took the view that this would put further pressure on the authorities to tighten credit policies in order to safeguard against inflationary pressures normally associated with a strong economic recovery.

The dollar rose to DM 2.5805 from DM 2.5670 and SwFr 2.1375 compared with SwFr 2.1265. It was also higher against the French franc at FFr 7.9675 from FFr 7.9150 but was unchanged in terms of the yen at Y224.0. On Bank of England figures the dollar's index rose from 124.7 to 125.9.

STERLING — Trading range against the dollar in 1983-84 is 1.6245 to 1.3955. February average 1.4409. Trade weighted index 80.8 against 80.8 at noon and 80.9 in the morning and compared with 81.1 on Wednesday and 84.3 six months ago.

Sterling opened down from Wednesday's close in London against the dollar and traded in a fairly narrow range. It was firmer against most European currencies, however, closing at DM 3.7775 from DM 3.7675 and SwFr 3.1275 from SwFr 3.1225. It rose to FFr 11.65 from FFr 11.6075 but slipped in terms of the Japanese yen to Y328 from Y328.75. Against the dollar it fell to $1.4625-1.4635, a fall of 40 points.

D-MARK — Trading range against the dollar in 1983-84 is 2.8425 to 2.3320. February average 2.7000. Trade-weighted index 127.9 against 125.7 six months ago.

The D-mark had a weaker tone overall at the Frankfurt fixing. The Bundesbank did not intervene when the dollar rose to DM 2.5882 from DM 2.5484, and was probably not active on the open market. Higher Eurodollar interest rates contributed to the firmness of the U.S. currency after the dollar had gained ground overnight in New York and the Far East on speculation about a possible rise in U.S. bank prime lending rates. Sterling rose to DM 3.7690 from DM 3.7630 at the fixing, and the Swiss franc to DM 1.2079 from DM 1.2065. Within the EMS the Dutch guilder improved to DM 88.53 per 100 guilders from DM 88.50, but the French franc was unchanged at DM 32.43 per 100 francs, while the Belgian franc fell to DM 4.8830 per 100 francs from DM 4.8870.

BELGIAN FRANC — Trading range against the dollar in 1983-84 is 57.91 to 45.90. February average 55.30. Trade-weighted index 90.7 against 90.8 six months ago.

The Belgian franc showed only slight reaction to the austerity measures announced by the Belgian Government designed to reduce the Budget deficit to 7 per cent of gross national product from 12 per cent at present. The plan includes real wage reductions for all workers and a cut in social security benefits. The D-mark was fixed at BFr 20.4525 after the announcement, after touching its highest allowed level.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.6790	+1.73	[illegible]	[illegible]
Danish Krone	8.14104	8.16620	+0.31	[illegible]	[illegible]
German D-Mark	2.24184	2.23087	-0.49	[illegible]	[illegible]
French Franc	6.87456	6.88032	+0.08	[illegible]	[illegible]
Dutch Guilder	2.52595	2.51869	-0.29	[illegible]	[illegible]
Irish Punt	0.72569	0.729607	+0.63	[illegible]	[illegible]
Italian Lira	1403.49	1387.28	-1.15	[illegible]	[illegible]

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

March 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	[illegible]	[illegible]	[illegible]	-1.79	[illegible]	[illegible]

THE DOLLAR SPOT AND FORWARD

OTHER CURRENCIES

CURRENCY MOVEMENTS

CURRENCY RATES

EXCHANGE CROSS RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

MONEY MARKETS

UK rates show little change

Interest rates were little changed in London yesterday as the market looked for fresh impetus after the recent cut in base rates. Barclays Bank left its rate at 8¾ per cent despite the two recent reductions in Bank of England dealing rates and a move by the other clearers to 8½ per cent. Three-month interbank money was unchanged at 8¾-8⅝ per cent as were three-month eligible bank bills, bid at 8{?} per cent. Overnight interbank money opened at 8¾-8⅞ per cent and eased later in the day to a low of 2 per cent.

The Bank of England forecast a shortage of around £700m with factors affecting the market including maturing assistance and a take-up of Treasury bills together draining £398m and the unwinding of previous sale and repurchase agreements a further £361m. There was also a rise in the note circulation of £15m. These were partly offset by Exchequer transactions of £60m and banks' balances brought forward £25m above target.

The size of the shortage prompted the Bank to offer an early round of assistance in which it bought £576m of bills comprising £69m of eligible bank bills in band 1 (up to 14 days) at 8¾ per cent and £141m in band 2 (15-33 days) at 8½ per cent. In band 3 (34-63 days) it bought £10m of Treasury bills and £68m of eligible bank bills all at 8½ per cent and in band 4 (64-91 days) £55m of local authority bills and £244m of eligible bank bills at 8⅜ per cent.

Further assistance in the morning totalled £108m when the Bank bought £4m of eligible bank bills in band 1 at 8⅞ per cent and £32m in band 2 at 8½ per cent. In band 3 it bought £16m of eligible bank bills at 8⅞ per cent and in band 4 £5m of local authority bills and £51m of eligible bank bills. There was no assistance in the afternoon although the Bank provided late help of around £15m.

In Frankfurt the Bundesbank left its credit policies and lending rates unchanged after yesterday's meeting of the central council. This was much in line with market expectations although there had been some talk of a reduction in the Lombard rate as possible in view of the D-mark's recent recovery. However, the authorities are probably unwilling to move too quickly and must have one eye on recent expansion in German money supply.

UK clearing banks' base lending rate 8½-8 per cent (since March 15 and 16)

MONEY RATES

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

FT LONDON INTERBANK FIXING

MONEY RATES

NEW YORK (Lunchtime)

FINANCIAL FUTURES

Further decline

Eurodollar futures opened weaker on the London International Financial Futures Exchange, and despite closing at the highest level of the day failed to return to Wednesday's finishing level. June delivery opened at 89.19 as sentiment turned bearish following the very small customer repurchase agreement conducted by the Federal Reserve on Wednesday despite the fact that Federal funds were trading at around 10 per cent. This was taken as a sign the authorities are in the process of tightening monetary policy after recent statistics have pointed to fast economic growth at the beginning of the year. This was further underlined when it was announced U.S. February Industrial production had risen by 1.2 per cent, compared with forecasts in the region of 0.75 per cent, and against a rise of 1.1 per cent in January.

The recent tendency to run short positions has left considerable room for profit taking, however, and there was no heavy selling after the industrial production figures, with the June contract closing at 89.22, compared with the previous settlement of 89.25.

Gilt futures were influenced by the decline in cash prices, and the weak close in the U.S. bond market overnight. The initial mood of euphoria following Tuesday's Budget began to evaporate on Wednesday, and this continued yesterday. June delivery opened at 108-30, and touched a low of 108-18. There was an attempt at a rally around the middle of day, taking the contract to a peak of 109-05, but further selling towards the close took it down to 108-24, compared with 109-10 previously.

Short sterling interest rate futures opened weaker at 91.17 for June delivery, reflecting an easing of the pound against the dollar on the foreign exchanges, but closed unchanged at the day's peak of 91.20.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	89.22	89.22	89.15	89.25
Sept	88.84	88.84	88.78	88.88
Dec	88.55	88.55	88.48	88.58
March	88.26	—	—	88.32
June	88.00	—	—	88.05

Volume 3,079 (2,280)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.4506	0.4510	0.4499	0.4537
Sept	0.4568	—	—	0.4588
Dec	—	—	—	—

Volume 28 (61)
Previous day's open int 194 (189)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	67-19	67-20	67-10	67-20
June	66-26	67-00	66-20	66-26

	Latest	High	Low	Prev
Sept	67-18	67-16	67-16	67-06
Dec	66-23	66-25	66-17	66-16
March	—	—	—	—
June	65-21	65-21	65-21	65-16
Sept	—	—	—	65-02
Dec	—	64-30	64-27	64-22

Volume 29 (19)
Previous day's open int 133 (142)

COMPANY NOTICES

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, March 14, 1984. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of March 14 at 11.00 am
3 months: 10⅛. 6 months: 10[illegible].

ECU = U.S.$0.874554. SDR1 = U.S.$1.0719.
Sibor as of March 14 at 11.00 am
3 months: 10⅛. 6 months: 10[illegible].

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.60
Albania	Lek	5.8428
Algeria	Dinar	4.836
Andorra	Fr. Franc	7.8705
	Sp. Peseta	147.656
Angola	Kwanza	30.214
Grenada	E. Caribbean $	2.70
Guadeloupe	Franc	7.8705
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso (2)	78.416
Guinea Rep.	Syli	23.9295
Peru	Sol	2561.85
Philippines	Peso	14.02
Pitcairn Is.	N.Z. Dollar	1.4868
Poland	Zloty (O) (7)	119.00
Portugal	Escudo	126.90
Puerto Rico	U.S. $	1.00

For further information please contact your local branch of the Bank of America.

INTERNATIONAL CAPITAL MARKETS

Key executives defect at Merrill and CSFB

BY OUR EUROMARKETS STAFF

THE GAME of musical chairs resumed with a vengeance in the Euromarkets yesterday as two top investment banks lost key executives to smaller firms.

Dean Witter Reynolds, the U.S. brokerage firm, has hired nine staff from Merrill Lynch in an effort to build a major presence in the market, while three more key staff are leaving Credit Suisse First Boston for another U.S. broker, E. F. Hutton.

The departures come at a particularly difficult moment for CSFB. It has still not fully recovered from the defection two months ago of 10 key staff to Merrill Lynch, in what was the largest such raid in Euromarket history. The fact that Merrill Lynch is now also losing staff suggests it has had more difficulty than expected integrating the recruits from CSFB into its operation.

Yesterday's changes involved a number of very senior people in both organisations. Mr Alan Duncan, an executive director of CSFB, is leaving with two senior traders to join E. F. Hutton. Mr Michael Lee, who has been with Merrill for 10 years and was a managing director of Merrill Lynch Capital Markets, is to become chief executive of a reorganised Dean Witter capital markets group in London.

Mr Lee's position at Merrill, in which he was responsible for loan syndication, revolving underwriting facilities and commercial paper, is to be taken by Mr Michael Dobbs-Higginson, who joined Merrill from CSFB in January.

Others leaving Merrill Lynch include Mr Steven Altneu, executive director, and Mr Robert Underwood, a vice-president who is one of the best known traders of floating rate notes in the Euromarkets.

After a number of false starts Dean Witter, which was acquired by Sears Roebuck, the U.S. stores group, two years ago, now wants to boost its presence in the Euromarkets. Mr Milan Kerno, vice chairman of Dean Witter Capital Markets International said: "We will have a new and strengthened presence in one fell swoop."

Mr Lee said his departure had nothing to do with the arrival of the CSFB people at Merrill Lynch, but he wanted a broader base for his activities.

Mr Giovanni Franzi, managing director of Merrill Lynch Europe, admitted, however, there had been some difficulty integrating the trading team acquired from CSFB.

Mr Jack Hennessy, chief executive of CSFB, said of those leaving his firm: "They are all very professional people. We 're sad to see them leave."

WEEKLY U.S. BOND YIELDS (%)

	March 14	March 7	1984 High	1984 Low
Composite Corp. AA	12.95	12.87	12.95	12.19
Government:				
Long-term	12.24	12.15	12.24	11.81
Intermediate	12.05	11.97	12.05	11.33
Short-term	11.28	11.13	11.28	10.70
Municipal	n.a.	9.86	9.86	9.42
Industrials AAA	12.47	12.44	12.47	11.79
Industrials AA	12.75	12.69	12.76	12.02
Utilities AA	13.14	13.04	13.14	12.33
Preferred Stocks	11.32	11.30	11.55	11.07

Source: Standard & Poor's

$132m loan for Samir

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

SAMIR, Morocco's state oil refining company, has signed a $132m, one-year credit facility which was put on ice after the country announced its intention to reschedule its foreign debt last August.

But the interest margin has been increased to ⅝ per cent over London Eurodollar rates from ⅜ per cent and the amount cut from an original $200m. Only 17 banks are participating, compared with 23 previously.

Signing of the facility was postponed in August because of uncertainty over whether it would be included in Morocco's rescheduling, which has yet to be concluded. It has now been confirmed, however, that this deal will be kept outside the rescheduling.

Lead managers of the Samir credit are Gulf International, Banque Marocaine du Commerce Exterieur, Riyadh Bank and Saudi Cairo Bank.

S. Africa launches $75m floater

By Mary Ann Sieghart in London

SOUTH Africa is tapping the Eurodollar bond market for the first time since 1976 with a $75m floating rate note led by Dresdner Bank, Soditic (Jersey) and Paribas.

The five-year note pays a spread of ⅜ per cent over the six-month London interbank offered rate (Libor) at par and has front-end fees of 1.65 per cent. This makes the all-in compounded cost to the borrower 0.62 per cent over Libor. Many banks could not join the deal for political reasons, but it traded within its fees at a discount of about 1½ points.

Elsewhere all eyes were on the Texaco jumbo convertible. Though a few bonds were being offered at 2 or 1½ per cent discounts the co-ordinator banks were pressing managers to sell at a discount no greater than 1½ per cent.

[illegible] Bank bond average

March 15	Previous
99.937	99.955
High 1983-84	Low
102.017	[illegible]

American Savings and Loan Association's $100m bond, launched by Salomon Brothers on Wednesday, has been increased to $125m due to strong demand.

The Bank of Greece's $150m FRN emerged with a margin of ¼ per cent over six-month Libor, the coupon being reset quarterly. It has a 10-year life, retractable in seven years, and has total fees of ½ per cent.

Prices changed little in secondary markets yesterday and turnover was low.

OVER-THE-COUNTER

Nasdaq National Market

Stock | Sales (Hnds) | High | Low | Last | Chng

Continued from Page 30

[illegible]

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for March 15.

U.S. DOLLAR STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia Comm 11¼ 00	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia Comm 11½ 95	300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia Comm 11⅝ 98	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australian Ind Dev 11 88	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Tokyo 11⅞ 90	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beneficial O/S Fin 12 91	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Britoil Fin 11⅞ 90	125	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 10⅞ 88	500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C.C.C.E. 12⅝ 95	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 10⅞ 90	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 11⅞ 90	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D.N.C. 11¾ 91 WW	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D.N.C. 11¾ 91 XW	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kingdom 12¼ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Mines 11¾ 91	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
E.D.C. 11⅛ 88	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
E.E.C. 12 93	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
E.I.B. 11½ 90	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exportfinans 11½ 90	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen Elec Credit 11 91 WW	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC O/S Fin 11⅞ 90	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IC Indust Fin 11⅞ 98	75†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Indust Bk Japan 11½ 89	125	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Indust Bk Japan 11⅞ 91	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ITT Finance 11½ 89 WW	125	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
J.C. Penney 11⅞ 00	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
J.P. Morgan 11⅞ 00 WW	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
L.T.C.B. 12½ 90	85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Macy O/S 11⅞ 91	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsui Trust Fin 12 91	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ned Gasunie 11⅛ 91	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Credit 11⅞ 88	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Tele 11⅞ 00	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norwest O/S 12⅛ 91	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nova Scotia Pro 11⅞ 91	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ontario Hydro 11⅝ 94	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ontario Hydro 11⅞ 90	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pacific Gas & Elec 12 91	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P.K. Banken 12 90 WW	75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Prudential 10⅛ 93 XW	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Hydro 11½ 92	100†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]